

United States  
Circuit Court of Appeals

For the Ninth Circuit.

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COMMISSIONER OF INTERNAL REVENUE,  
Petitioner,

vs.

CHARLES LAUGHTON,  
Respondent.

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Transcript of the Record

In Two Volumes

VOLUME II

Pages 238 to 406

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Upon Petition to Review a Decision of the United States  
Board of Tax Appeals.



U. S. BOARD OF TAX APPEALS

DIV. 12 DOCKET 88104

ADMITTED IN EVIDENCE

JUN 27 1938

PETITIONER'S

EXHIBIT 1

~~RESPONDENT'S~~





U. S. BOARD OF TAX APPEALS  
DIV. 12 DOCKET 88104  
ADMITTED IN EVIDENCE

JUN 27 1938

PETITIONER'S  
EXHIBIT 1  
~~RESPONDENT'S~~





# NONRESIDENT ALIEN INCOME TAX RETURN

For Calendar Year 1934

File No. **1672**  
Serial Number **80115**  
District **RECEIVED FEB 28 1935**  
Cash, Check, M.O., Cert. of Ind. (First Payment) **26**

(Auditor's Stamp)  
**23,160.03**  
Form 1094 N  
TREASURY DEPARTMENT  
INTERNAL REVENUE SERVICE  
23,160.03

or Fiscal Year begun....., 1934, and ended....., 1935  
File This Return Not Later Than the 15th Day of the Sixth Month Following the Close of the Taxable Year  
PRINT NAME AND ADDRESS PLAINLY BELOW  
**CHARLES LAUGHTON**  
(Name)  
(Both husband and wife, if this is a joint return)  
**c/o Frank Joyce-Myron Selznick, Ltd. 9460 Wilshire**  
**Beverly Hills, California, U.S.A.**  
(Street and number) (State) (Country)  
Occupation, Business, or Profession **Motion picture artiste.**

- If you filed a return for the prior year, to which Collector's office was it sent? **6th, California**
- Of what country are you a citizen or subject? **Great Britain**
- If your status with respect to question 4 changed during the year, state date and nature of change **None**
- How many dependent persons (other than husband or wife) under 18 years of age or incapable of self-support received their chief support from you during your taxable year? **None**
- State the amount of income excluded (Instruction 30 (g) and (h)) from gross income **8**
- Did any person or persons advise you in respect of any question or matter affecting any item or schedule of this return, or assist or advise you in the preparation of this return, or actually prepare this return for you? **None**  
If so, give the name and address of such person or persons and state the nature and extent of the assistance or advice received by you and the items or schedules in respect of which the assistance or advice was received; if this return was actually prepared by any person or persons other than yourself, state the source of the information reported in this return and the manner in which it was furnished to or obtained by such person or persons **Frank Joyce-Myron Selznick, Ltd. 9460 Wilshire Boulevard, Beverly Hills, California - as to preparation**

INCOME			
(Derived in full from sources within United States, and expenses, losses, and other deductions properly allocated thereto)			
1. Salaries, Wages, Commissions, Fees, etc. (State name and address of employer)	Gross amount	Expenses paid (Deduct from Gross amount)	
<b>Motion Picture &amp; Theatrical Industries, Ltd.</b>	<b>32,811.66</b>	<b>2,430.72</b>	<b>30,380.94</b>
2. Income (or Loss) from Business or Profession. (From Schedule A)			
3. Interest on Notes, Mortgages, etc. (except interest on corporation bonds)			
4. Interest on Corporation Bonds Upon Which an Income Tax of 2%, 4%, or 8% was Paid at Source			
5. Income (or Loss) from Partnerships, Syndicates, Pools, etc. (State separately name and address and amount)			
6. Income from Fiduciaries. (State separately name and address and amount)			
7. Rents and Royalties. (From Schedule B)			
8. Capital Gain (or Loss). (From Schedule C)			
9. Interest on obligations of instrumentalities of the United States. (From Schedule D, Col. 3, Line (f))			
10. Dividends on Stock of: (a) Domestic Corporations subject to taxation under Title I of 1934 Act			
(b) Domestic Corporations not subject to taxation under Title I of 1934 Act			
11. Other Income. (State nature) (Use separate schedule, if necessary)			
12. TOTAL INCOME IN ITEMS 1 TO 11			<b>30,380.94</b>
DEDUCTIONS			
13. Interest Paid			
14. Taxes Paid. (Explain in Schedule E)			<b>8.72</b>
15. Losses by Fire, Storm, etc., of Property in United States. (Explain in table at foot of page 2)			
16. Losses in Transactions Entered into for Profit. (Explain in Schedule E)			
17. Bad Debts. (Explain in Schedule E)			
18. Contributions. (Explain in Schedule E)			<b>23.10</b>
19. Other Deductions Authorized by Law. (Explain on separate sheet)			
20. Ratable Part of Deductions Not Definitely Allocated to Any Class of Gross Income. (Explain in Schedule F)			
21. TOTAL OF ITEMS 13 TO 20			<b>31.82</b>
22. NET INCOME DERIVED IN FULL FROM SOURCES WITHIN UNITED STATES (Item 12 minus Item 21)			<b>30,349.12</b>
23. That Portion of Net Income from Sources Partly Within and Partly Without U. S. Attributable to Sources Within U. S. (Explain in Sched. G)			
24. TOTAL NET INCOME FROM SOURCES WITHIN UNITED STATES (Item 22 plus Item 23)			<b>30,349.12</b>

COMPUTATION OF TAX (See Instruction 28)			
25. Net income (Item 24 above)	\$	<b>30,349.12</b>	
26. Less: Personal exemption	\$	<b>1,000.00</b>	
27. Credit for Dependents		<b>1,000.00</b>	
28. Balance (Surplus net income)	\$	<b>29,349.12</b>	
29. Less: Interest on Obligations of Instrumentalities of U. S. (Item 9)	\$		
30. Dividends. (Item 10 (a))			
31. Earned Income Credit. (See Instruction 27)	<b>1400.00</b>	<b>1,400.00</b>	
32. Balance subject to normal tax	\$	<b>27,949.12</b>	
33. Normal Tax (4% of Item 32)			<b>1,117.95</b>
34. Surplus on Item 28 (See Instruction 28)			<b>2,876.35</b>
35. Total tax (Item 33 plus Item 34)			<b>3,994.31</b>
36. Less: Income tax paid at source			<b>1,312.47</b>
37. Balance of Tax. (Item 35 minus Item 36)			<b>2,681.84</b>

NOTE.—Only residents of Canada or Mexico should fill in Item 27. (See Instruction 26.)

## AFFIDAVIT (See Instruction 32)

I/we swear (or affirm) that this return (including its accompanying schedules and statements, if any) has been examined by me/us, and to the best of my/our knowledge and belief is a true, correct, and complete return, made in good faith, for the taxable year stated, pursuant to the Revenue Act of 1934 and the Regulations issued thereunder.

Sworn to and subscribed by **Charles Laughton** for me this **19th** day of **February**, 1935.  
Notary Public  
In and for the County of Los Angeles, State of California  
My Commission Expires November 3, 1935  
I/we swear (or affirm) that I/we prepared this return for the person or persons named herein and that the return (including its accompanying schedules and statements, if any) is a true, correct, and complete statement of all the information respecting the income tax liability of the person or persons for whom this return has been prepared of which I/we have any knowledge.  
Sworn to and subscribed before me this **19th** day of **February**, 1935  
Notary Public  
In and for the County of Los Angeles, State of California  
My Commission Expires November 3, 1935  
**Frank Joyce-Myron Selznick, Ltd.**  
Assistant Secretary



017





**SCHEDULE A—INCOME (OR LOSS) FROM BUSINESS OR PROFESSION** (See Instruction 2)

<b>1. Total receipts from business or profession</b> .....\$ <b>Cost of Goods Sold</b> <b>2. Labor</b> .....\$ <b>3. Material and supplies</b> .....\$ <b>4. Merchandise bought for sale</b> .....\$ <b>5. Other costs (itemize below or on separate sheet)</b> .....\$ <b>6. Plus inventory at beginning of year</b> .....\$ <b>7. TOTAL (Lines 2 to 6)</b> .....\$ <b>8. Less inventory at end of year</b> .....\$ <b>9. Net Cost of Goods Sold (Line 7 minus Line 8)</b> .....\$	<b>OTHER BUSINESS DEDUCTIONS</b> <b>10. Salaries not included as "Labor" in Line 2. (Do not deduct compensation for your services)</b> .....\$ <b>11. Interest on business indebtedness to others</b> .....\$ <b>12. Taxes on business and business property</b> .....\$ <b>13. Losses (explain in table at foot of page)</b> .....\$ <b>14. Bad debts arising from sales or services reported as income and charged off</b> .....\$ <b>15. Depreciation, obsolescence, and depletion (explain in table provided at foot of page)</b> .....\$ <b>16. Rent, repairs, and other expenses (itemize below or on separate sheet)</b> .....\$ <b>17. TOTAL (Lines 10 to 16)</b> .....\$ <b>18. TOTAL DEDUCTIONS (Line 9 plus Line 17)</b> .....\$ <b>19. NET PROFIT (OR LOSS) (Line 1 minus Line 18) (Enter as Item 2)</b> .....\$
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Enter "C" or "M" on Lines 6 and 8 to indicate whether inventories are valued at cost, or cost or market, whichever is lower.

Explanation of deductions claimed on Lines 5 and 16

**SCHEDULE B—INCOME FROM RENTS AND ROYALTIES** (See Instruction 7)

1. KIND OF PROPERTY	2. AMOUNT RECEIVED	3. COST OR VALUE AS OF MARCH 1, 1913, WHEN ACQUIRED (Indicate basis)	4. DEPRECIATION (Explain in table at foot of page)	5. REPAIRS	6. OTHER EXPENSES (Itemize below)	7. NET PROFIT (Enter as Item 7)
	\$	\$	\$	\$	\$	\$

Explanation of deductions claimed in Column 6

**SCHEDULE C—CAPITAL GAINS AND LOSSES** (See Instruction 8)

1. DESCRIPTION OF PROPERTY	2. DATE ACQUIRED	3. DATE SOLD OR EXCHANGED	4. AMOUNT REALIZED	5. COST OR MARCH 1, 1913, VALUE IF ACQUIRED BEFORE THAT DATE. (Indicate basis) **	6. COST OF IMPROVEMENTS SUBSEQUENT TO ACQUISITION OR MARCH 1, 1913	7. DEPRECIATION ALLOWED (OR ALLOWABLE) SINCE ACQUISITION OR MARCH 1, 1913 (Furnish details)	8. GAIN OR LOSS	9. PERCENTAGE OF GAIN OR LOSS TO BE TAKEN INTO ACCOUNT	
								a. Gains	b. Losses
* Held 1 year or less:	Mo. Day Year	Mo. Day Year	\$	\$	\$	\$	\$	100	\$
* Held over 1 year but not over 2 years:								80	
* Held over 2 years but not over 5 years:								60	
* Held over 5 years but not over 10 years:								40	
* Held over 10 years:								30	

**TOTAL GAINS AND LOSSES** (Enter net gain or loss as Item 8) (Capital losses are allowable only to the extent of \$2,000 plus capital gains).....\$

\* In reporting sales or exchanges of capital assets attach separate schedule, if necessary, for transactions coming within each of the 5 periods, and transfer gains and losses for each period to Column 10 above.  
 \*\* Cost of property must be entered in Column 5 if a loss is claimed in Column 8.

**SCHEDULE D—INCOME FROM DIVIDENDS** (See Instruction 10)

Itemize all dividends received during the year, stating amounts and names and addresses of corporations declaring the dividends:

**SCHEDULE E—EXPLANATION OF DEDUCTIONS CLAIMED IN ITEMS 1, 14, 16, 17, AND 18**

**SCHEDULE F—EXPLANATION OF RATABLE PART OF DEDUCTIONS NOT ALLOCATED TO ANY CLASS OF GROSS INCOME** (See Instruction 2)

<b>1. Total gross income from all sources</b> .....\$ <b>2. Total gross income from sources within U. S.</b> .....\$ <b>3. Ratio of gross income from sources within U. S. to gross income from all sources (Line 2 divided by Line 1)</b> .....\$ <b>4. Total deductions</b> .....\$	<b>5. Deductions allocated to income from sources within U. S.</b> .....\$ <b>6. Deductions allocated to income from sources without U. S.</b> .....\$ <b>7. Deductions not allocated to any class of income</b> .....\$ <b>8. Amount of such deductions which may be allocated to income from sources within U. S. (Line 7 multiplied by Line 3)</b> .....\$
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**SCHEDULE G—EXPLANATION OF ITEM 23** (See Instruction 23)

Explain fully how amount entered in Item 23 was determined:

**SCHEDULE H—INTEREST ON LIBERTY BONDS AND OTHER OBLIGATIONS OR SECURITIES** (See Instruction 9)

1. OBLIGATIONS OR SECURITIES	2. AMOUNT OWNED	3. INTEREST RECEIVED OR ALLOWED
(a) Obligations of a State, territory, or political subdivision thereof, or the District of Columbia, or United States possessions.....	\$	\$
(b) Obligations issued under Federal Farm Loan Act, or under such Act as amended.....		
(c) Liberty 3½% Bonds and other obligations of United States issued on or before September 1, 1917.....		
(d) Treasury Notes, Treasury Bills, and Treasury Certificates of Indebtedness.....		
(e) Liberty 4% and 4½% Bonds and Treasury Bonds.....		
(f) Obligations of instrumentalities of the United States (other than obligations to be reported in (b) above) (Enter the amount in Column 3 as Item 9).....		

**EXPLANATION OF DEDUCTION FOR DEPRECIATION CLAIMED IN SCHEDULES A AND B**

1. KIND OF PROPERTY (If buildings, state material of which constructed)	2. DATE ACQUIRED	3. COST OR MARCH 1, 1913, VALUE IF ACQUIRED PRIOR TO THAT DATE (Indicate basis)	4. ASSETS FULLY DEPRECIATED IN USE AT END OF YEAR	5. DEPRECIATION ALLOWED (OR ALLOWABLE) IN PRIOR YEARS	6. REMAINING COST OR OTHER BASIS TO BE RECOVERED	7. LIST FOR DEPRECIATION	8. ESTIMATED RECOVERED LIFE FROM BEGINNING OF YEAR	9. DEPRECIATION ALLOWABLE THIS YEAR
		\$	\$	\$	\$			\$

**EXPLANATION OF DEDUCTION FOR LOSSES BY FIRE, STORM, ETC., CLAIMED IN SCHEDULE A AND IN ITEM 15**

1. KIND OF PROPERTY	2. DATE ACQUIRED	3. COST	4. SUBSEQUENT IMPROVEMENTS	5. DEPRECIATION ALLOWED (OR ALLOWABLE) PRIOR TO LOSS	6. INSURANCE AND SALVAGE VALUE	7. DEDUCTIBLE LOSS
		\$	\$	\$	\$	\$

a-2



CHARLES LAUGHTON

NON RESIDENT ALIEN INCOME TAX RETURN

For the Calendar Year 1934

and

SUPPORTING SCHEDULES

GEORGE A. LOVETT  
CERTIFIED PUBLIC ACCOUNTANT  
LOS ANGELES

a-3





CHARLES LAUGHTON

NON RESIDENT ALIEN INCOME TAX RETURN FOR THE  
CALENDAR YEAR 1934

EXPENSES PAID

ITEM NO. 1 SCHEDULE E.

Automobile Expenses:

Depreciation of automobile - purchased June 15, 1934, at a cost of \$965.60 - 6½ months @ 25% per annum - \$20.12 per month	\$ 130.78
Chauffeur - Raymond Weber @ \$25.00 per week	735.00
Maintenance - gas, oil, repairs and garage	399.11
Insurance	89.23
	<u>\$1,354.12</u>

of which 50% allocated to business

\$ 677.06

Business Manager:

Herman Rogers @ \$150.00 per month	900.00
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Theatre tickets (business)	10.20
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Wardrobe:

Amount expended - \$373.41, of which 50% allocated to business	186.71
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Publicity:

Advertising in Hollywood Reporter, fan photos, etc.	195.65
Books and periodicals (business)	<u>130.80</u>
	326.45

Telephone and telegraph	59.05
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Music	71.25
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Gratuities to stage hands upon completion of pictures	200.00
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\$2,430.72

a.7



STATE OF CALIFORNIA     )  
                                  ) SS.  
COUNTY OF LOS ANGELES )

LOYD WRIGHT, being duly sworn, deposes and says that:  
Motion Picture and Theatrical Industries, Ltd. is a British  
corporation organized and existing under and by virtue of  
the laws of Great Britian; that said corporation, in the  
year 1934, paid Charles Laughton, pursuant to its contract  
with the said Charles Laughton, for services rendered by him  
in the United States, the sum of \$32,811.66 less the sum of  
\$1,312.47, which amount represents four per cent (4%) of  
said \$32,811.66; that said sum of \$1,312.47 was withheld by  
said corporation from the salaries paid the said Charles  
Laughton pursuant to the Revenue Act of 1934; that the said  
Charles Laughton is a subject of Great Britian;

That your affiant is the duly authorized agent and  
representative of Motion Picture and Theatrical Industries,  
Ltd. in the United States of America;

Further your affiant saith not.

Lloyd Wright  
Lloyd Wright.

Subscribed and sworn to before  
me this 2nd day of February,  
1935.

Willa Brown  
Notary Public in and for  
said County and State.





U. S. BOARD OF TAX APPEALS  
DIV 12 DOCKET 88164  
ADMITTED IN EVIDENCE  
JUN 27 1938  
PETITIONER'S EXHIBIT 2  
~~RESPONDENT'S~~



27. Form 1040-B  
TREASURY DEPARTMENT  
INTERNAL REVENUE SERVICE  
(Auditor's Stamp)  
81,270.84  
NONRESIDENT ALIEN INCOME TAX RETURN  
For Calendar Year 1935  
or Fiscal Year begun 1935, and ended 1936  
File This Return Not Later Than the 15th Day of the Sixth Month Following the Close of the Taxable Year  
PRINT NAME AND ADDRESS PLAINLY BELOW  
CHARLES LAUGHTON  
(Name) (Both husband and wife, if this is a joint return)  
34 Gordon Square  
(Street and number)  
London England  
(Post office) (State) (Country)  
Occupation, Business, or Profession Motion Picture Artist  
District (Cashier's Stamp)  
R.H.  
FEB 2  
Cash Charles M. O. Cort. of Ind.  
(First Payment)  
Do Not Write in These Spaces  
File Code 1672  
692952  
Serial Number  
1040C - Aug 23 - 35

1. If you filed a return for the prior year, to which Collector's office was it sent? 3rd New York  
2. Of what country are you a citizen or subject? England  
3. State name of husband or wife if a separate return was made and the Collector's office to which it was sent Elsa Lancheater  
4. How many dependent persons (other than husband or wife) under 18 years of age or incapable of self-support received their chief support from you during your taxable year? None  
5. If your status with respect to question 4 changed during the year, state date and nature of change  
6. State the amount of income excluded (Instruction 30 (g) and (h)) from gross income None  
7. Did any person or persons advise you in respect of any question or matter affecting any item or schedule of this return, or assist or advise you in the preparation of this return, or actually prepare this return for you? If so, give the name and address of such person or persons and state the nature and extent of the assistance or advice received by you and the items or schedules in respect of which the assistance or advice was received; if this return was actually prepared by any person or persons other than yourself, state the source of the information reported in this return and the manner in which it was furnished to or obtained by such person or persons Affidavit attached

INCOME		Gross amount		Expenses paid (Reason in Schedule E)			
1. Salaries, Wages, Commissions, Fees, etc. (State name and address of employer)							
Motion Picture & Theatrical Industries, Ltd.		\$22,419.09	\$ 2,115.59			20	003 40
2. Net Profit (or Loss) from Business or Profession. (From Schedule A)							
3. Interest on Notes, Mortgages, etc. (except interest on corporation bonds)							
4. Interest on Corporation Bonds Upon Which an Income Tax of 2% or 4% was Paid at Source							
5. Income (or Loss) from Partnerships, Syndicates, Pools, etc. (State separately name and address and amount)							
6. Income from Fiduciaries. (State separately name and address and amount)							
7. Rents and Royalties. (From Schedule B)							
8. Capital Gain (or Loss). (From Schedule C)							
9. Interest on obligations of instrumentalities of the United States. (From Schedule H, Col. 2, Line (f))							
10. Dividends on Stock of: (a) Domestic Corporations subject to taxation under Title I of 1934 Act. (b) Domestic Corporations not subject to taxation under Title I of 1934 Act							
11. Other income. (State nature) (Use separate schedule, if necessary)							
12. TOTAL INCOME IN ITEMS 1 TO 11						20	003 40
DEDUCTIONS							
13. Interest Paid. (Explain in Schedule E)							
14. Taxes Paid. (Explain in Schedule E)						6	00
15. Losses by Fire, Storm, etc., of Property in United States. (Explain in table at foot of page 2)							
16. Losses in Transactions Entered into for Profit. (Explain in Schedule E)							
17. Bad Debts (including bonds determined to be worthless during taxable year). (Explain in Schedule E)							
18. Contributions. (Explain in Schedule E) Los Angeles Community Chest						200	00
19. Other Deductions Authorized by law (including stock determined to be worthless during taxable year). (Explain on separate sheet)							
20. Ratable Part of Deductions Not Definitely Allocated to Any Class of Gross Income. (Explain in Schedule F)							
21. TOTAL OF ITEMS 13 TO 20						206	00
22. NET INCOME DERIVED IN FULL FROM SOURCES WITHIN UNITED STATES (Item 12 minus Item 21)						19	797 40
23. That portion of Net Income from Sources Partly Within and Partly Without U.S. Attributable to Sources Within U.S. (Explain in Sched. G)							
24. TOTAL NET INCOME FROM SOURCES WITHIN UNITED STATES (Item 22 plus Item 23)						19	797 40

COMPUTATION OF TAX (See Instruction 28)							
25. Net income (Item 24 above)		\$ 19	797 40	33. Normal Tax (4% of Item 32)		\$ 712	56
26. Less: Personal Exemption	\$ 583 34			34. Surtax on Item 28. (See Instruction 28)		1	157 83
27. Credit for Dependents (Explain in Schedule E)		583	34	35. Total tax (Item 33 plus Item 34)		1	870 39
28. Balance (Surtax net income)		19	214 06	36. Less: Income tax paid at source. (Explain in Sched. H)		856	78
29. Less: Interest on Obligations of Instrumentalities of U.S. (Item 9)				37. Balance of Tax. (Item 35 minus Item 36)		1	013 61
30. Dividends. (Item 10 (a))							
31. Earned Income Credit. (See Instruction 27)	1,400 00	1	400 00				
32. Balance subject to normal tax		17	814 06				

NOTE.—Only residents of Canada or Mexico should fill in Item 27. (See Instruction 28.)  
Balance of tax paid on August 3, 1935 to the Collector of Internal Revenue—6th California  
AFFIDAVIT (See Instruction 32)  
I/we swear (or affirm) that this return (including its accompanying schedules and statements, if any) has been examined by me/us, and to the best of my/our knowledge and belief is a true, correct, and complete return, made in good faith, for the taxable year stated, pursuant to the Revenue Act of 1934 and the Regulations issued thereunder.  
Sworn to and subscribed by Charles Laughton before Donald Wright Notary Public  
me this 27 day of February, 1936  
NOTARIAL SEAL  
A RETURN MADE BY AN AGENT MUST BE ACCOMPANIED BY POWER OF ATTORNEY (See Inst. 32)

AFFIDAVIT (See Instruction 32)  
I/we swear (or affirm) that I/we prepared this return for the person or persons named herein and that the return (including its accompanying schedules and statements, if any) is a true, correct, and complete statement of all the information respecting the income tax liability of the person or persons for whom this return has been prepared of which I/we have any knowledge.  
Sworn to and subscribed before me this day of 193  
NOTARIAL SEAL  
Affidavit attached  
U. S. GOVERNMENT PRINTING OFFICE 2-17087





**SCHEDULE A—PROFIT (OR LOSS) FROM BUSINESS OR PROFESSION** (See Instruction 7)

1. Total receipts from business or profession.....				OTHER BUSINESS DEDUCTIONS			
Cost of Goods Sold				10. Salaries not included as "Labor" in Line 2. (Do not deduct compensation for your services).....			
2. Labor.....	\$			11. Interest on business indebtedness to others.....			
3. Material and supplies.....				12. Taxes on business and business property.....			
4. Merchandise bought for sale.....				13. Losses (explain in table at foot of page).....			
5. Other costs (itemize below or on separate sheet).....				14. Bad debts arising from sales or services reported as income and charged off.....			
6. Plus inventory at beginning of year.....				15. Depreciation, obsolescence, and depletion (explain in table provided at foot of page).....			
7. TOTAL (Lines 2 to 6).....	\$			16. Rent, repairs, and other expenses (itemize below or on separate sheet).....			
8. Less inventory at end of year.....				17. TOTAL (Lines 10 to 16).....		\$	
9. Net Cost of Goods Sold (Line 7 minus Line 8).....		\$		18. TOTAL DEDUCTIONS (Line 9 plus Line 17).....			
Enter "C" or "Co M" on Lines 6 and 8 to indicate whether inventories are valued at cost, or cost or market, whichever is lower.				19. NET PROFIT (or Loss) (Line 1 minus Line 18) (Enter as Item 2).....			

Explanation of deductions claimed on Lines 6 and 16

**SCHEDULE B—INCOME FROM RENTS AND ROYALTIES** (See Instruction 7)

1. KIND OF PROPERTY	2. AMOUNT RECEIVED	3. COST OR VALUE AS OF MARCH 1, 1913, WHENEVER GREATER	4. DEPRECIATION (Explain in table at foot of page)	5. REPAIRS	6. OTHER EXPENSES (Itemize below)	7. NET PROFIT (Enter as Item 7)
	\$	\$	\$	\$	\$	\$

Explanation of deductions claimed in Column 6

**SCHEDULE C—CAPITAL GAINS AND LOSSES (FROM SALES OR EXCHANGES ONLY)** (See Instruction 8)

1. DESCRIPTION OF PROPERTY AND PERIOD HELD	2. DATE ACQUIRED	3. DATE SOLD OR EXCHANGED	4. GROSS SALES PRICE (Contract price)	5. COST OR MARCH 1, 1913, VALUE IF ACQUIRED BEFORE THAT DATE (Indicate basis)**	6. COST OF IMPROVEMENTS SUBSEQUENT TO ACQUISITION OR MARCH 1, 1913 (Furnish details)	7. DEPRECIATION ALLOWED (or ALLOWABLE) SINCE ACQUISITION OR MARCH 1, 1913 (Furnish details)	8. GAIN OR LOSS	9. PERCENTAGE OF GAIN OR LOSS TO BE TAKEN INTO ACCOUNT	10. GAIN OR LOSS TO BE TAKEN INTO ACCOUNT
									a. Gains b. Losses
(a) One year or less:	Mo. Day Year	Mo. Day Year						100	
(b) Over 1 year but not over 3 years:								80	
(c) Over 3 years but not over 5 years:								60	
(d) Over 5 years but not over 10 years:								40	
(e) Over 10 years:								20	
(f) TOTAL GAINS AND LOSSES (Enter net amount as Item 6) (Capital losses are allowable only to the extent of \$2,000 plus capital gains)									\$

\* In reporting sales or exchanges of capital assets attach separate schedule, if necessary, for transactions coming within each of the 5 periods, and transfer gains and losses for each period to Column 10 above.  
 \*\* Cost of property must be entered in Column 5 if a loss is claimed in Column 8.

State (1) how property was acquired. Every sale or exchange of stock should be reported in detail, including name and address of corporation, class of stock, number of shares, capital changes affecting basis (stock dividends, other noncumulative dividends, stock rights, etc.). (2) Personal or business relationship, if any, of purchaser.

**SCHEDULE D—INCOME FROM DIVIDENDS** (See Instruction 10)

Itemize all dividends received during the year, stating amounts and names and addresses of corporations declaring the dividends:

**SCHEDULE E—EXPLANATION OF DEDUCTIONS CLAIMED IN ITEMS 1, 13, 14, 15, 17, AND 18 AND CREDIT CLAIMED IN ITEM 27**

**SCHEDULE F—EXPLANATION OF RATABLE PART OF DEDUCTIONS NOT ALLOCATED TO ANY CLASS OF GROSS INCOME** (See Instruction 20)

1. Total gross income from all sources.....	\$	5. Deductions allocated to income from sources within U. S.....	\$
2. Total gross income from sources within U. S.....	\$	6. Deductions allocated to income from sources without U. S.....	\$
3. Ratio of gross income from sources within U. S. to gross income from all sources (Line 2 divided by Line 1).....		7. Deductions not allocated to any class of income.....	\$
4. Total deductions.....	\$	8. Amount of such deductions which may be allocated to income from sources within U. S. (Line 7 multiplied by Line 3).....	\$

**SCHEDULE G—EXPLANATION OF ITEM 23** (See Instruction 23)

Explain fully how amount entered in Item 23 was determined:

**SCHEDULE H—INTEREST ON LIBERTY BONDS AND OTHER OBLIGATIONS OR SECURITIES** (See Instruction 9)

1. OBLIGATIONS OR SECURITIES	2. AMOUNT OWNED AT END OF YEAR	3. INTEREST RECEIVED OR ACCRUED DURING THE YEAR
(a) Obligations of a State, territory, or political subdivision thereof, or the District of Columbia, or United States possessions.....	\$	\$
(b) Obligations issued under Federal Farm Loan Act, or under such Act as amended.....		
(c) Liberty 3½% Bonds and other obligations of United States issued on or before September 1, 1917.....		
(d) Treasury Notes, Treasury Bills, and Treasury Certificates of Indebtedness.....		
(e) Liberty 4% and 4½% Bonds, U. S. Savings Bonds, and Treasury Bonds.....		
(f) Obligations of instrumentalities of the United States (other than obligations to be reported in (b) above) (enter the amount in Column 3 as Item 9).....		

**EXPLANATION OF DEDUCTION FOR DEPRECIATION CLAIMED IN SCHEDULES A AND B**

1. KIND OF PROPERTY (If building, state material of which constructed)	2. DATE ACQUIRED	3. COST OR MARCH 1, 1913, VALUE IF ACQUIRED PRIOR TO THAT DATE (Indicate basis)	4. ASSETS FULLY DEPRECIATED IN USE AT END OF YEAR	5. DEPRECIATION ALLOWED (or ALLOWABLE) IN PRIOR YEARS	6. REMAINING COST (or OTHER BASIS) TO BE DEPRECIATED	7. LIFE USED IN ESTIMATING IN ACCUMULATED DEPRECIATION	8. REMAINING LIFE FROM BEGINNING OF YEAR	9. DEPRECIATION ALLOWABLE THIS YEAR
		\$	\$	\$	\$			\$

**EXPLANATION OF DEDUCTION FOR LOSSES BY FIRE, STORM, ETC., CLAIMED IN SCHEDULE A AND IN ITEM 15**

1. KIND OF PROPERTY	2. DATE ACQUIRED	3. COST	4. STRAIGHTENED IMPROVEMENTS	5. DEPRECIATION ALLOWABLE SINCE ACQUISITION	6. INSURANCE AND SALVAGE VALUE	7. DEDUCTIBLE LOSS
		\$	\$	\$	\$	\$



STATE OF CALIFORNIA       )  
                                  ) SS  
COUNTY OF LOS ANGELES   )

I, Alwin Johnson, acting on behalf of Myron Selznick & Company, Inc., 9460 Wilshire Boulevard, Beverly Hills, California, as advisor for Charles Laughton, affirm that, pursuant to instructions received from him, I prepared the attached return covering the calendar year 1935 showing net income of \$19,797.40 and tax liability of \$1,870.39 on the basis of information furnished by William Laird, 339 North Beverly Drive, Beverly Hills, California, business manager for Mr. Laughton, without independent verification by me; that the information set out in the return and accompanying schedule correctly and fairly reflects the information furnished to or discovered by me during the course of the preparation of the return, and that the said information is true to the best of my information and belief.

Alwin Johnson

Subscribed and sworn to  
before me this 20  
day of February, 1936

Notary Public





CHARLES LAUGHTON

1935 NONRESIDENT ALIEN INCOME TAX RETURN

BUSINESS EXPENSES

Business Manager			\$350.00 -
Advertising and publicity			481.90 -
Telephone and telegraph			294.74 -
Manuscript expense			37.27 -
Wardrobe	$\frac{1}{2}$ of	<u>\$799.17</u>	399.59 -
Automobile expense	$\frac{1}{2}$ of	<u>\$1,557.98</u>	778.99 -
Office expense			73.20 -
			<u>\$2,415.69</u>

13-4



POWER OF ATTORNEY.

BE IT KNOWN:

THAT I, CHARLES LAUGHTON, temporarily residing in the City of Los Angeles, County of Los Angeles, State of California, have made, constituted and appointed, and by these presents do make, constitute and appoint LOYD WRIGHT, of Los Angeles, California, my true and lawful attorney for me and in my name and on my behalf, to act, demand, recover and receive all sums of money, debts, dues, accounts, legacies, bequests, interest, dividends, annuities and demands whatsoever, as are now or shall hereafter become due, owing, payable or belonging to me, and have, use and take all lawful ways and means in my name or otherwise for the recovery thereof, by attachments, arrests, distress or otherwise, and to compromise and agree for the same, and acquittances and other sufficient discharges for the same, for me and in my name, to make seal and deliver: to bargain, contract, agree for, purchase, receive and take lands, tenements, hereditaments and accept the seizing and possession of all lands and all deeds and other assurances in the law therefor, and to let, lease, demise, bargain, sell, remise, release, convey, mortgage and hypothecate lands, tenements and hereditaments upon such terms and conditions, and under such covenants as he shall see fit.

Also, to bargain and agree for, buy, sell, mortgage, hypothecate and in any and every way and manner deal in and with goods, wares and merchandise, choses-in-action and other property in possession or in action, and to make, do and transact all and every kind of business of what nature or kind soever, and also for me and in my name, and as my act and deed, to sign, seal, execute, deliver and acknowledge such deeds, leases and assignments of leases, covenants, indentures, agreements, mortgages, hypothecations, bills of lading, bills, bonds, notes, receipts, evidences of debts, releases and satisfaction of mortgages, judgments and other debts,





and such other instruments in writing of whatsoever kind and nature, as may be necessary or proper in the premises, specifically granting, authorizing and empowering and directing the said Loyd Wright to sign any and all checks in my name, for me and in my behalf, and any bank or trust company is hereby authorized, directed and instructed to cash said checks in the same manner as if I myself had executed the same. I hereby confirm, ratify and approve anything that the said Loyd Wright may do in said respect, and I warrant that the signature of said Loyd Wright opposite my signature to this document, is his true and lawful signature, having been signed in my presence.

Giving and granting unto my said attorney, full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises, as fully to all intents and purposes as I might or could do if personally present, with full power of substitution and revocation, hereby ratifying and confirming all that my said attorney, or his substitute or substitutes, shall lawfully do or cause to be done by virtue of these presents.

This power of attorney shall endure for six months after date hereof.

WITNESS, my hand and seal at Los Angeles, California, this 19th day of February, 1935.

Loyd Wright  
Loyd Wright

Charles Laughton  
Charles Laughton

STATE OF CALIFORNIA }  
COUNTY OF LOS ANGELES } ss:

On this 19th day of February, 1935, before me, ANITA GARRETT, a Notary Public in and for said County and State, personally appeared CHARLES LAUGHTON, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Anita Garrett  
Notary Public in and for the County  
of Los Angeles, State of California.



POWER OF ATTORNEY

BE IT KNOWN:

THAT I, CHARLES LAUGHTON, temporarily residing in the City of Los Angeles, County of Los Angeles, State of California, have made, constituted and appointed, and by these presents do make, constitute and appoint LOYD WRIGHT, of Los Angeles, California, my true and lawful attorney for me and in my name and on my behalf, to act, demand, recover and receive all sums of money, debts, dues, accounts, legacies, bequests, interest, dividends, annuities and demands whatsoever, as are now or shall hereafter become due, owing, payable or belonging to me, and have, use and take all lawful ways and means in my name or otherwise for the recovery thereof, by attachments, arrests, distress or otherwise, and to compromise and agree for the same, and acquittances and other sufficient discharges for the same, for me and in my name, to make, seal and deliver; to bargain, contract, agree for, purchase, receive and take lands, tenements, hereditaments and accept the seizing and possession of all lands and all deeds and other assurances in the law therefor, and to let, lease, demise, bargain, sell, remise, release, convey, mortgage and hypothecate lands, tenements and hereditaments, upon such terms and conditions, and under such covenants as he shall see fit.

Also, to bargain and agree for, buy, sell, mortgage, hypothecate and in any and every way and manner deal in and with goods, wares and merchandise, choses-in-action and other property in possession or in action, and to make, do and transact all and every kind of business of what nature or kind soever, and also for me and in my name, and as my act and deed, to sign, seal, execute, deliver and acknowledge such deeds, leases and assignments of leaser, covenants, indentures, agreements, mortgages, hypothecations, bills of lading, bills, bonds, notes, receipts, evidences of debts, releases and satisfaction of mortgages, judgments and other debts.





and such other instruments in writing of whatsoever kind and nature, as may be necessary or proper in the premises, specifically granting, authorizing and empowering and directing the said Loyd Wright to sign any and all checks in my name, for me and in my behalf, and any bank or trust company is hereby authorized, directed and instructed to cash said checks in the same manner as if I myself had executed the same. I hereby confirm, ratify and approve anything that the said Loyd Wright may do in said respect, and I warrant that the signature of said Loyd Wright opposite my signature to this document, is his true and lawful signature, having been signed in my presence.

Giving and granting unto my said attorney, full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises, as fully to all intents and purposes as I might or could do if personally present, with full power of substitution and revocation, hereby ratifying and confirming all that my said attorney, or his substitute or substitutes, shall lawfully do or cause to be done by virtue of these presents.

This power of attorney shall endure for six months after date hereof.

WITNESS, my hand and seal at Los Angeles, California, this 19th day of February, 1935.

Loyd Wright  
Loyd Wright

Charles Laughton  
Charles Laughton.

STATE OF CALIFORNIA ) ss.  
COUNTY OF LOS ANGELES)

On this 19th day of February, 1935, before me, ANITA GARRETT, a Notary Public in and for said County and State, personally appeared CHARLES LAUGHTON, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Anita Garrett  
Notary Public in and for the County  
of Los Angeles, State of Calif.



LOYD WRIGHT  
CHARLES E. MILLIKAN  
RICHARD M. GOLDWATER  
HERSCHEL B. GREEN  
S. EARL WRIGHT

LAW OFFICES OF  
**LOYD WRIGHT**  
SUITE 1125-1130 BOARD OF TRADE BUILDING  
111 WEST SEVENTH STREET  
LOS ANGELES, CAL.  
TRINITY 3361

February 27th, 1936.

Collector of Internal Revenue,  
939 South Broadway,  
Los Angeles, California.

Dear Sir:-

Enclosed you will find Form 1040 B, Non-Resident Alien Income Tax Return for the year 1935, for Charles Laughton, executed by Loyd Wright, attorney-in-fact, showing a tax on 1935 income in amount of \$973.61, which was paid to the Collector of Internal Revenue on August 3, 1935. To the form I am attaching a copy of the Power of Attorney running from Mr. Laughton to Loyd Wright.

Respectfully yours,

*Loyd Wright*

LW/AG  
Encs-





Form 1040-C—Revised May 1934  
TREASURY DEPARTMENT  
INTERNAL REVENUE SERVICE

## INDIVIDUAL INCOME TAX RETURN

Do not write in this space

TO BE USED BY DEPARTING ALIENS

For Taxable Year 1935

August 23

Taxable period began Jan. 1, 1935, and ended July 31, 1935

PRINT NAME AND ADDRESS PLAINLY BELOW

NAME Charles Laughton

STREET 9410 Wilshire Blvd.

CITY Beverly Hills STATE Calif

OCCUPATION Actor

Rate of Pay  
Per Day, \$RECEIVED WITH RETURN  
COLLECTOR OF INTERNAL REVENUE  
9th District of California

AUG 3 1935

LOS ANGELES OFFICE  
Check for M.O.

New York

Majestic

Aug 5-35

England

Cine

1. Of what country are you a citizen or subject? U.S. Date on which you arrived in the U. S. April 5-1925
2. Are you a resident or nonresident of the U. S.? Res.
3. Are you a married and living with husband or wife during your taxable year? Yes
4. If not, were you during your taxable year supporting in your household one or more persons closely related to you? No How many dependent persons (other than husband or wife) under 18 years of age or incapable of self-support received their chief support from you during the year? 0
5. If your status in respect to question 4, 5, or 6 changed during the year, state date and nature of change.
6. If you filed an income tax return in the United States, give the following information for the past 3 years.

Year	Net Income	Tax paid	District in which return was filed
1932			
1933			
1934			

INCOME		DEDUCTIONS	
1. Salaries, wages, etc. (State name of employer: <u>Majestic Picture</u> )	\$ <u>22,419.69</u>	6. Interest paid on borrowed money	
( <u>Theatrical Industries</u> )		7. Taxes paid (except Federal income, estate, inheritance, legacy, and gift taxes)	
2. Interest received on bank deposits, etc.		8. Other deductions (Explain below)	
3. Dividends from domestic corporations subject to income tax under 1934 Act.		(a) <u>Miscellaneous</u>	<u>2415.68</u>
4. Other income (including dividends other than those reported in Item 3):		(b) <u>Contributions</u>	<u>206.15</u>
		(c)	
5. TOTAL INCOME IN ITEMS 1 TO 4.	\$ <u>22,419.69</u>	9. TOTAL DEDUCTIONS IN ITEMS 6 TO 8.	<u>2621.69</u>
		10. Net income (Item 5 minus Item 9)	<u>19,797.40</u>

## COMPUTATION OF TAX

11. Net income (Item 10)	\$ <u>19,797.40</u>	17. Normal tax on Item 16	\$ <u>712.56</u>
12. Less: Dividends (Item 3)	\$	18. Less: Income tax paid at source <u>1157.53</u>	
13. Earned income credit (see Instr. 6)	<u>1400.00</u>		
14. Personal exemption	<u>572.34</u>		
15. Credit for dependents			
16. Balance (Item 11 minus Items 12 to 15)	\$ <u>17,514.06</u>	19. Balance of tax (Item 17 minus Item 18)	<u>1570.39</u>

I swear (or affirm) that this return has been examined by me, and, to the best of my knowledge and belief, is true and complete return for the taxable period as stated, pursuant to the Revenue Act of 1934 and regulations issued under authority thereof.

(If return is made by agent, the name, title and address must be stated on this form)

Sworn to and subscribed before me this 3 day of Aug, 1935

Jas F. McDonald

DEPUTY COLLECTOR  
(Title)

(Signature of taxpayer or agent)

(Address of agent)

## CERTIFICATE OF COMPLIANCE

This certifies that the above-named person has complied with all tax obligations with respect to income accruing up to the end of the month just preceding the date of this certificate, as disclosed by assessment made by this office, or proof of exemption furnished.

Collector of Internal Revenue, or Internal Revenue Agent in Charge.

Date August 3, 1935

By



(Auditor's Stamp)

FORM 1064 MUST BE FILED WITH THIS RETURN

## NONRESIDENT ALIEN INCOME TAX RETURN

For Calendar Year 1934 1935

period  
or Fiscal Year began April 5, 1935, 1934, and ended July 31, 1935, 1935

File This Return Not Later Than the 15th Day of the Sixth Month Following the Close of the Taxable Year

PRINT NAME AND ADDRESS PLAINLY BELOW

CHARLES LAUGHTON

(Name)

(Both husband and wife, if this is a joint return)

c/o Frank Joyce-Myrton Selznick, Ltd., 9460 Wilshire Blvd.,

(Street and Number)

Beverly Hills

(Post office)

California

(State)

U.S.A.

(Country)

Occupation, Business, or Profession Motion picture artist

Do Not Write in These Spaces

File  
CodeSerial  
Number

District

(Cashier's Stamp)

Cash Check M. O. Cert. of Ind.

(First Payment)

1. If you filed a return for the prior year, to which Collector's office was it sent? New York
2. Of what country are you a citizen or subject? Great Britain
3. State name of husband or wife if a separate return was made and the Collector's office to which it was sent.
4. How many dependent persons (other than husband or wife) under 18 years of age or incapable of self-support received their chief support from you during your taxable year?
5. If your status with respect to question 4 changed during the year, state date and nature of change.
6. State the amount of income excluded (Instruction 30 (g) and (h)) from gross income None
7. Did any person or persons advise you in respect of any question or matter affecting any item or schedule of this return, or assist or advise you in the preparation of this return, or actually prepare this return for you? Yes If so, give the name and address of such person or persons and state the nature and extent of the assistance or advice received by you and the items or schedules in respect of which the assistance or advice was received; if this return was actually prepared by any person or persons other than yourself, state the source of the information reported in this return and the manner in which it was furnished to or obtained by such person or persons Affidavit attached

## INCOME

Item and  
Schedule No.

(Derived in full from sources within United States, and expenses, losses, and other deductions properly allocated thereto)

1. Salaries, Wages, Commissions, Fees, etc. (State name and address of employer) Gross amount Expenses paid  
Motion Picture & Theatrical Industries, Ltd. \$ 16,275.60 \$ 1,565.68 \$ 14,709.92
2. Income (or Loss) from Business or Profession. (From Schedule A)
3. Interest on Notes, Mortgages, etc. (except interest on corporation bonds)
4. Interest on Corporation Bonds Upon Which an Income Tax of 2%, 4%, or 8% was Paid at Source
5. Income (or Loss) from Partnerships, Syndicates, Pools, etc. (State separately name, address, and amount)
6. Income from Fiduciaries. (State separately name and address and amount)
7. Rents and Royalties. (From Schedule B)
8. Capital Gain (or Loss). (From Schedule C)
9. Interest on obligations of instrumentalities of the United States. (From Schedule D, Col 2, Line 1)
10. Dividends on Stock of: (a) Domestic Corporations subject to taxation under Title I of 1934 Act  
(b) Domestic Corporations not subject to taxation under Title I of 1934 Act
11. Other Income. (State nature) (Use separate schedule, if necessary)
12. TOTAL INCOME IN ITEMS 1 TO 11 \$ 14,709.92
13. Interest Paid
14. Taxes Paid. (Explain in Schedule E)
15. Losses by Fire, Storm, etc., of Property in United States. (Explain in table at foot of page 2)
16. Losses in Transactions Entered into for Profit. (Explain in Schedule E)
17. Bad Debts. (Explain in Schedule E)
18. Contributions. (Explain in Schedule E) Schedule attached 200.00
19. Other Deductions Authorized by Law. (Explain on separate sheet)
20. Ratable Part of Deductions Not Definitely Allocated to Any Class of Gross Income. (Explain in Schedule F)
21. TOTAL OF ITEMS 13 TO 20 200.00
22. NET INCOME DERIVED IN FULL FROM SOURCES WITHIN UNITED STATES (Item 12 minus Item 21) \$ 14,509.92
23. That Portion of Net Income from Sources Partly Within and Partly Without U. S. Attributable to Sources Within U. S. (Explain in Sched. G)
24. TOTAL NET INCOME FROM SOURCES WITHIN UNITED STATES (Item 22 plus Item 23) \$ 14,509.92

## COMPUTATION OF TAX (See Instruction 28)

25. Net income (Item 24 above) \$ 14,509.92
26. Less: Personal exemption \$ 333.33
27. Credit for Dependents \$ 333.33
28. Balance (Surplus net income) \$ 14,174.69
29. Less: Interest on Obligations of Instrumentalities of U. S. (Item 9)
30. Dividends. (Item 10 (a))
31. Earned Income Credit. (See Instruction 27) 871.06 871.06
32. Balance subject to normal tax \$ 15,303.43
33. Normal Tax (4% of Item 32) \$ 572.14
34. Surtax on Item 28. (See Instruction 28) 615.71
35. Total tax (Item 33 plus Item 34) \$ 1,147.85
36. Less: Income tax paid at source \* 664.78
37. Balance of Tax. (Item 35 minus Item 36) \$ 483.07
- NOTE—Only residents of Canada or Mexico should fill in Item 27. (See Instruction 26.) \* Tax withheld at source for current period \$ 650.94  
Overpayment of tax for period 1/1/35 to 2/18/35 \$ 15.84  
\$ 664.78

## AFFIDAVIT (See Instruction 32)

I/we swear (or affirm) that this return (including its accompanying schedules and statements, if any) has been examined by me/us, and to the best of my/our knowledge and belief is a true, correct, and complete return, made in good faith, for the taxable year stated, pursuant to the Revenue Act of 1934 and the Regulations issued thereunder.

Sworn to and subscribed by Charles Laughton before me this 22d dayof August, 1935.

NOTARIAL SEAL

NOTARY PUBLIC

in and for the County of Los Angeles, State of California

AFFIDAVIT (See Instruction 32)

I/we swear (or affirm) that this return (including its accompanying schedules and statements, if any) is a true, correct, and complete statement of all the information respecting the income tax liability of the person or persons for whom this return has been prepared of which I/we have any knowledge.

Sworn to and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 193

NOTARIAL SEAL

Affidavit attached

(Signature of person preparing the return)

(Signature of person preparing the return)

13-11





**SCHEDULE A—INCOME (OR LOSS) FROM BUSINESS OR PROFESSION** (See Instruction 2)

<b>1. Total receipts from business or profession</b> ..... <div style="text-align: center;"><b>Cost of Goods Sold</b></div> <b>2. Labor</b> ..... <b>3. Material and supplies</b> ..... <b>4. Merchandise bought for sale</b> ..... <b>5. Other costs</b> (itemize below or on separate sheet)..... <b>6. Plus inventory at beginning of year</b> ..... <b>7. TOTAL (Lines 2 to 6)</b> ..... <b>8. Less inventory at end of year</b> ..... <b>9. NET COST OF GOODS SOLD (Line 7 minus Line 8)</b> .....	<div style="text-align: center;"><b>OTHER BUSINESS DEDUCTIONS</b></div> <b>10. Salaries not included as "Labor" in Line 2.</b> (Do not deduct compensation for your services)..... <b>11. Interest on business indebtedness to others</b> ..... <b>12. Taxes on business and business property</b> ..... <b>13. Losses</b> (explain in table at foot of page)..... <b>14. Bad debts arising from sales or services reported as income and charged off</b> ..... <b>15. Depreciation, obsolescence, and depletion</b> (explain in table provided at foot of page)..... <b>16. Rent, repairs, and other expenses</b> (itemize below or on separate sheet)..... <b>17. TOTAL (Lines 10 to 16)</b> ..... <b>18. TOTAL DEDUCTIONS (Line 9 plus Line 17)</b> ..... <b>19. NET PROFIT (OR LOSS) (Line 1 minus Line 18) (Enter as item 2)</b> .....
---	--

Enter "C" or "C or M" on Lines 6 and 8 to indicate whether inventories are valued at cost, or cost or market, whichever is lower.

Explanation of deductions claimed on Lines 5 and 16

**SCHEDULE B—INCOME FROM RENTS AND ROYALTIES** (See Instruction 7)

1. KIND OF PROPERTY	2. AMOUNT RECEIVED	3. COST OR VALUE AS OF MARCH 1, 1913, WHENEVER GREATER	4. DEPRECIATION (Explain in table at foot of page)	5. REPAIRS	6. OTHER EXPENSES (Itemize below)	7. NET PROFIT (Enter as item 7)
	\$	\$	\$	\$	\$	\$

Explanation of deductions claimed in Column 6

**SCHEDULE C—CAPITAL GAINS AND LOSSES** (See Instruction 8)

1. DESCRIPTION OF PROPERTY	2. DATE ACQUIRED	3. DATE SOLD OR EXCHANGED	4. AMOUNT REALIZED	5. COST OR MARCH 1, 1913, VALUE IF ACQUIRED BEFORE THAT DATE. (Indicate basis) **	6. COST OF IMPROVEMENTS SUBSEQUENT TO ACQUISITION OR MARCH 1, 1913	7. DEPRECIATION ALLOWED (OR ALLOWABLE) AFTER ACQUISITION OR MARCH 1, 1913 (Furnish details)	8. GAIN OR LOSS	9. PERCENTAGE OF GAIN OR LOSS TO BE TAKEN INTO ACCOUNT	10. GAIN OR LOSS TO BE TAKEN INTO ACCOUNT
• Held 1 year or less:	Mo. Day Year	Mo. Day Year	\$	\$	\$	\$	\$	100	\$
• Held over 1 year but not over 2 years:								80	
• Held over 2 years but not over 5 years:								60	
• Held over 5 years but not over 10 years:								40	
• Held over 10 years:								30	

**TOTAL GAINS AND LOSSES** (Enter net gain or loss as item 8) (Capital losses are allowable only to the extent of \$2,000 plus capital gains)..... \$

\* In reporting sales or exchanges of capital assets attach separate schedule, if necessary, for transactions coming within each of the 3 periods, and transfer gains and losses for each period to Column 10 above.

\*\* Cost of property must be entered in Column 5 if a loss is claimed in Column 8.

State (1) how property was acquired..... (2) Personal or business relationship, if any, of purchaser.....  
 Every sale or exchange of stock should be reported in detail, including name and address of corporation, class of stock, number of shares, capital changes affecting basis (stock dividends, other sustainable dividends, stock rights, etc.).....

**SCHEDULE D—INCOME FROM DIVIDENDS** (See Instruction 10)

Itemize all dividends received during the year, stating amounts and names and addresses of corporations declaring the dividends:

**SCHEDULE E—EXPLANATION OF DEDUCTIONS CLAIMED IN ITEMS 1, 14, 16, 17, AND 18**

**SCHEDULE ATTACHED**

**SCHEDULE F—EXPLANATION OF RATABLE PART OF DEDUCTIONS NOT ALLOCATED TO ANY CLASS OF GROSS INCOME** (See Instruction 2)

1. Total gross income from all sources..... \$	5. Deductions allocated to income from sources within U. S. .... \$
2. Total gross income from sources within U. S. .... \$	6. Deductions allocated to income from sources without U. S. .... \$
3. Ratio of gross income from sources within U. S. to gross income from all sources (Line 2 divided by Line 1).....	7. Deductions not allocated to any class of income..... \$
4. Total deductions..... \$	8. Amount of such deductions which may be allocated to income from sources within U. S. (Line 7 multiplied by Line 3)..... \$

**SCHEDULE G—EXPLANATION OF ITEM 23** (See Instruction 23)

Explain fully how amount entered in Item 23 was determined:

**SCHEDULE H—INTEREST ON LIBERTY BONDS AND OTHER OBLIGATIONS OR SECURITIES** (See Instruction 9)

1. OBLIGATIONS OR SECURITIES	2. AMOUNT OWNED	3. INTEREST RECEIVED OR ACCRUED
(a) Obligations of a State, territory, or political subdivision thereof, or the District of Columbia, or United States possessions.....	\$	\$
(b) Obligations issued under Federal Farm Loan Act, or under such Act as amended.....		
(c) Liberty 3½% Bonds and other obligations of United States issued on or before September 1, 1917.....		
(d) Treasury Notes, Treasury Bills, and Treasury Certificates of Indebtedness.....		
(e) Liberty 4% and 4½% Bonds and Treasury Bonds.....		
(f) Obligations of instrumentalities of the United States (other than obligations to be reported in (b) above) (enter the amount in Column 3 as item 9).....		

**EXPLANATION OF DEDUCTION FOR DEPRECIATION CLAIMED IN SCHEDULES A AND B**

1. KIND OF PROPERTY (If buildings, state material of which constructed)	2. DATE ACQUIRED	3. COST OR MARCH 1, 1913, VALUE IF ACQUIRED PRIOR TO THAT DATE (Indicate basis)	4. ASSETS FULLY DEPRECIATED IN YEAR AT END OF YEAR	5. DEPRECIATION ALLOWED OR ALLOWABLE IN PRIOR YEARS	6. REMAINING COST OR OTHER BASIS TO BE DEPRECIATED	7. LIFE USED IN ESTIMATING REMAINING DEPRECIATION	8. DEPRECIATION ALLOWABLE THIS YEAR
		\$	\$	\$	\$		\$

**EXPLANATION OF DEDUCTION FOR LOSSES BY FIRE, STORM, ETC., CLAIMED IN SCHEDULE A AND IN ITEM 15**

1. KIND OF PROPERTY	2. DATE ACQUIRED	3. COST	4. SUBSEQUENT IMPROVEMENTS	5. DEPRECIATION ALLOWED OR ALLOWABLE BEFORE LOSS	6. INSURANCE AND SALVAGE VALUE	7. DEDUCTIBLE LOSS
		\$	\$	\$	\$	\$

13-12



CHARLES LAUGHTON

NON-RESIDENT ALIEN INCOME TAX RETURN  
FOR THE PERIOD FROM APRIL 5, 1955, TO JULY 31, 1955

SCHEDULE E

ITEM 1 - EXPENSES PAID

Automobile expenses:

Depreciation of automobile:

Purchased June 15, 1954.

Cost \$965.00

Depreciation to July 31, 1955.

15 months at 25% \$261.52

Less: Amount allowable in

previous periods 160.95 \$ 100.59

Chauffeur's salary 500.00

Maintenance - oil, gas, etc. 505.29

\$1,105.88

50% thereof a necessary business  
expense

\$552.94

Business manager 250.00

Publicity and advertising expense 139.91

Manuscripts, books, etc. 35.55

Telephone and telegraph expense in

connection with business 272.51

Office expenses 75.20

Wardrobe:

Total amount expended \$ 487.14

50% thereof a necessary business  
expense

243.57

\$1,565.88

ITEM 18 - CONTRIBUTIONS

Los Angeles Community Chest

\$ 200.00

1373





STATE OF CALIFORNIA     )  
                                  ) ss  
COUNTY OF LOS ANGELES   )

I, ALWIN W. JOHNSON, acting on behalf of Frank Joyce-Myron Selznick, Ltd., 9460 Wilshire Boulevard, Beverly Hills, California, as adviser for Charles Laughton, affirm that pursuant to instructions received from Mr. Charles Laughton I prepared the attached return covering the period from April 5, 1955, to July 31, 1955, showing net income of \$14,507.92 and tax liability of \$1,147.85 of which \$684.78 has been withheld at source leaving balance due of \$485.07, on the basis of information furnished by Mr. William Laird of 359 N. Beverly Drive, Beverly Hills, California, without independent verification by me; that the information set out in the return correctly and fairly reflects the information furnished to or discovered by me during the course of the preparation of the return and that said information is true to the best of my information and belief.

Alwin W. Johnson  
Alwin W. Johnson

Subscribed and sworn to before  
me this 27<sup>th</sup> day of July, 1955.

W. B. M. L. S. 4  
Notary Public

Is and for the County of Los Angeles, State of California  
My Commission Expires March 30, 1959



U. S. BOARD OF TAX APPEALS  
DIV. 12 DOCKET 88104  
ADMITTED IN EVIDENCE  
JUN 27 1938  
PETITIONER'S EXHIBIT 3  
~~RESPONDENT'S~~

6-3









# SCHEDULE A—INCOME (OR LOSS) FROM BUSINESS OR PROFESSION (See Instruction 2)

1. Total receipts from business or profession (state kind of business) <i>Cost of Goods Sold</i>	\$	10. Salaries not included in "Labor" to Line 3 (do not deduct compensation for your services)	\$
2. Labor		11. Interest on business indebtedness to others	
3. Material and supplies		12. Taxes on business and business property	
4. Merchandise bought for sale		13. Loans (explain in table at foot of page)	
5. Other costs (items below or on separate sheet)		14. Bad debts arising from sales or services	
6. Plus inventory at beginning of year		15. Depreciation, obsolescence, and depletion (explain in table provided at foot of page)	
7. Total (Lines 2 to 6)	\$	16. Rent, repairs, and other expenses (items below or on separate sheet)	
8. Less inventory at end of year		17. TOTAL (Lines 10 to 16)	\$
9. NET COST OF GOODS SOLD (Line 7 minus Line 8)	\$	18. TOTAL DEDUCTIONS (Line 9 plus Line 17)	\$
		19. NET PROFIT (or Loss) (Line 1 minus Line 18) (Enter as Item 2)	\$

Enter "C," "C or M," or "C or M," on Lines 6 and 8 to indicate whether inventories are valued at cost, or cost or market, whichever is lower.

Explanation of deductions claimed on Lines 1 and 16

## SCHEDULE B—INCOME FROM RENTS AND ROYALTIES (See Instruction 6)

1. Kind of Property	2. Amount Received	3. Cost or Value as of March 1, 1913, (Whichever Greater)	4. Depreciation (Explain in table at foot of page)	5. Repairs	6. Other Expenses (Explain below)	7. Net Profit (Loss) as Item 2
	\$	\$	\$	\$	\$	\$

Explanation of deductions claimed in Column 6

## SCHEDULE C—CAPITAL GAINS AND LOSSES (See Instruction 7)

1. Description of Property	2. Date Acquired	3. Date Sold or Disposed	4. Amount Realized	5. Cost or Value as of March 1, 1913, (Whichever Greater)	6. Cost of Improvements (Explain in table at foot of page)	7. Depreciation Allowed (Explain in table at foot of page)	8. Gain or Loss	9. Gain or Loss to be Taken Into Account	
								a. Gain	b. Loss
(*Held 1 year or less)	No Debit	No Credit	\$	\$	\$	\$	\$	100	\$
(**Held over 1 year but not over 5 years)								60	
(***Held over 5 years but not over 10 years)								40	
(****Held over 10 years but not over 30 years)								40	
(*****Held over 30 years)								30	
								\$	\$

TOTAL GAINS AND LOSSES (Enter net gain or loss as Item 7) (Capital losses are allowable only to the extent of \$2,000 plus capital gains)

\*In reporting sales or exchanges of capital assets attach separate schedule, if necessary, for transactions coming within each of the 5 periods, and transfer gains and losses for each period to Column 10 above.  
 \*\*Cost of property must be stated in Column 5 if a loss is claimed in Column 9.  
 \*\*\*State (1) how property was acquired.  
 \*\*\*\*Every sale or exchange of stock should be reported in detail, including name and address of corporation, class of stock, number of shares, original change offering basis (stock dividends, other non-cash dividends, stock rights, etc.).  
 \*\*\*\*\*Personal or business relationship, if any, of purchaser.

## SCHEDULE D—INTEREST ON STATE, MUNICIPAL, AND OTHER BONDS OR OBLIGATIONS (See Instruction 8)

1. Bonds or Obligations	2. Amount Owed	3. Interest Received (Enter as Item 2)
(a) Bonds of this State, or of political subdivisions thereof, issued on or before November 4, 1902.	\$	\$
(b) Obligations other than bonds, such as warrants, certificates, judgments, etc., of the State or of political subdivisions thereof and bonds or other obligations of other States, foreign countries, territories and possessions of the United States, and political subdivisions thereof.		
		\$

TOTAL

## SCHEDULE E—INCOME FROM DIVIDENDS

List all dividends received during the year, showing amounts and names and addresses of corporations declaring the dividends:

## SCHEDULE F—EXPLANATION OF DEDUCTIONS CLAIMED IN ITEMS 1, 13, 15, 16, AND 17

Schedule attached

## EXPLANATION OF DEDUCTION FOR DEPRECIATION CLAIMED IN SCHEDULES A AND B

1. Kind of Property (or building, site, material or work constructed)	2. Date Acquired	3. Cost or Value as of March 1, 1913 (Whichever Greater)	4. Amount Fully Depreciated by End of Year	5. Depreciation Allowed (Explain in table at foot of page)	6. Remaining Cost or Value to be Depreciated	7. Life Used in Computing Depreciation	8. Estimated Remaining Life From Beginning of Year	9. Depreciation Allowable This Year
		\$	\$	\$	\$			\$

## EXPLANATION OF DEDUCTION FOR LOSSES BY FIRE, STORM, ETC., CLAIMED IN SCHEDULE A AND IN ITEM 14

1. Kind of Property	2. Date Acquired	3. Cost	4. Uncompensated Depreciation	5. Depreciation Allowed (Explain in table at foot of page)	6. Insurance and Salvage Value	7. Deductible Loss
		\$	\$	\$	\$	\$

Taxpayer must complete fully all schedules where required. If space provided is inadequate attach separate schedules.







T-8





Form 1120  
TREASURY DEPARTMENT  
INTERNAL REVENUE SERVICE  
5977 (Auditor's Stamp)CORPORATION INCOME AND EXCESS-PROFITS TAX RETURN  
For Calendar Year 1934File  
CodeSerial  
Number

District

(Cashier's Stamp)

Cash Checks M.O. Cert. of Ind.  
First Payment

or Fiscal Year begun ....., 1934, and ended ....., 1935

PRINT PLAINLY CORPORATION'S NAME AND BUSINESS ADDRESS

MOTION PICTURE &amp; THEATRICAL INDUSTRIES, LTD.

C. Talbot House (Name)  
90 St. Martin's Lane.

LONDON, ENGLAND (Street and number)

(Post office and State)

It is Essential, Except Where Otherwise Provided in the Instructions, That This Form be Completely Filled  
in Respect of Any Statements, Schedules, or Reports Submitted Herewith

Date of Incorporation ....., April 30, 1934

Under the Laws of what State or Country ....., England

The Corporation's Books are in Care of ....., Lloyd Wright Located at ....., 111 West 7th St., Los Angeles, Calif.

Kind of Business (in detail) ....., Theatrical Is This a Consolidated Return of Railroad Corporations? ....., No. If so, of How Many Corporations? .....

If a Foreign Corporation, State Whether Resident or Nonresident ....., Non-Resident; if Nonresident, State Amount of Income Excluded ....., None

Is the Corporation a personal holding company within the meaning of Section 351 of the Revenue Act of 1934? ....., No. (If so, an additional return on Form 1120 H must be filed)

## GROSS INCOME

1. Gross Sales (where inventories are an income-determining factor), \$.....; Less Returns and Allowances, \$.....; Net Sales \$.....
2. Less Cost of Goods Sold:
- (a) Inventory at beginning of year..... \$.....
- (b) Material or merchandise bought for manufacture or sale.....
- (c) Miscellaneous costs (From Schedule A, Column 1):
- (1) Salaries and wages, \$.....; (2) Other costs, \$.....; Total.....
- (d) Total of lines (a), (b), and (c)..... \$.....
- (e) Less inventory at end of year.....
3. Gross Profit from Sales (Item 1 minus Item 2)..... \$.....
4. Gross Receipts (where inventories are not an income-determining factor)..... \$..... 93,333.33
5. Less cost of operations (From Schedule A, Column 2):
- (a) Salaries and wages, \$.....; (b) Other costs, \$.....; Total..... 47,077.73
6. Gross Profit where inventories are not an income-determining factor (Item 4 minus Item 5)..... 46,255.60
7. Interest on Loans, Notes, Mortgages, Bonds, Bank Deposits, etc.....
8. Rents.....
9. Royalties.....
10. Capital Gain or Loss (From Schedule B).....
11. Interest on Liberty Bonds, etc. (From Schedule D).....
12. Dividends on Stock of:
- (a) Domestic Corporations subject to taxation under Title I of Revenue Act of 1934.....
- (b) Domestic Corporations not subject to taxation under Title I of Revenue Act of 1934.....
- (c) Foreign Corporations.....
13. Other Income (State nature of income) (Use separate schedule, if necessary).....
14. TOTAL INCOME IN ITEMS 3, AND 6 TO 13, INCLUSIVE..... 46,255.60

## DEDUCTIONS

15. Compensation of Officers (From Schedule C).....
16. Rent on Business Property.....
17. Repairs (From Schedule D): (a) Salaries and Wages, \$.....; (b) Other Costs, \$.....; Total.....
18. Interest.....
19. Taxes (From Schedule E).....
20. Losses by Fire, Storm, etc. (From Schedule F).....
21. Bad Debts (From Schedule G).....
22. Dividends (Item 12 (a) above).....
23. Depreciation (resulting from exhaustion, wear and tear, or obsolescence) (From Schedule I).....
24. Depletion of Mines, Oil and Gas Wells, Timber, etc. (Submit schedule, see instruction 24).....
25. Other Deductions Authorized by Law (Explain below, or on separate sheet):
- (a) Salaries and wages. (Not included in Items 2, 5, 15, or 17 above).....
- (b) .....
26. TOTAL DEDUCTIONS IN ITEMS 15 TO 25.....
27. NET INCOME (Item 14 minus Item 26)..... 46,255.60

## COMPUTATION OF TAX

INCOME TAX				EXCESS-PROFITS TAX			
28. Net Income (Item 27, above).....	\$	46,255.60		28. Net Income for Excess-profits Tax Computation (Item 27, above).....	\$		
29. Less Interest on Liberty Bonds, etc. (Item 11).....	\$			29. Exemption claimed.....	\$		
30. Balance subject to Income Tax (Item 28 minus Item 29).....	\$	46,255.60		30. Less: 12 1/2% of \$..... value of capital stock so declared in your capital-stock tax return for year ended June 30, 1934.....	\$		
31. Income Tax (24% of Item 30) (or 16 2/3% of Item 30, if this is a consolidated return of railroad corporations).....	\$	6,300.15		31. Amount Subject to Excess-profits Tax (Item 30 minus Item 30).....	\$		None
32. Less: Income Tax Paid at Source (This credit can be allowed only to a nonresident foreign corporation).....	\$	12,855.33		32. Excess-profits Tax (5% of Item 31).....	\$		None
33. Income Tax Paid to a Foreign Country or U.S. Possession by a Domestic Corporation.....	\$	12,855.33		NOTE—Separate computation of Excess-profits Tax must be made on Form 1120 by each member of an affiliated group of railroad corporations making a consolidated Income Tax return.			
34. Total Income Tax (Item 31 minus Items 32 and 33).....	\$	6,475.18					





Items	BEGINNING OF TAXABLE YEAR				END OF TAXABLE YEAR			
	Amount		Total		Amount		Total	
<b>ASSETS</b>								
1. Cash.....				\$				\$
2. Notes receivable.....								
3. Accounts receivable.....	\$				\$			
(a) Less reserve for bad debts.....								
4. Inventories:								
(a) Raw materials.....	\$				\$			
(b) Work in process.....								
(c) Finished goods.....								
(d) Supplies.....								
5. Investments (nontaxable):								
(a) Obligations of a State, Territory, or any political subdivision thereof, or District of Columbia, or United States possessions.....	\$				\$			
(b) Obligations of instrumentalities of the United States.....								
(c) Obligations of the United States.....								
6. Other investments:								
(a) Stocks of domestic corporations.....	\$				\$			
(b) Bonds of domestic corporations.....								
(c) Stocks and bonds of foreign corporations.....								
(d) All other investments or loans.....								
7. Deferred charges:								
(a) Prepaid insurance.....	\$				\$			
(b) Prepaid taxes.....								
(c) All other.....								
8. Capital assets:								
(a) Land.....	\$				\$			
(b) Buildings.....								
(c) Machinery and equipment.....								
(d) Furniture and fixtures.....								
(e) Delivery equipment.....								
(f) Less reserves for depreciation (except on land).....	\$				\$			
9. Patents.....								
10. Good will.....								
11. Other assets (describe fully):	\$				\$			
12. TOTAL ASSETS.....				\$				\$
<b>LIABILITIES</b>								
13. Notes payable (less than one year).....				\$				\$
14. Accounts payable.....								
15. Bonds and notes (not secured by mortgage).....								
16. Mortgages (including bonds and notes so secured).....								
17. Accrued expenses:								
(a) Interest.....	\$				\$			
(b) Taxes.....								
(c) All other.....								
18. Other liabilities (describe fully):	\$				\$			
19. Capital stock:								
(a) Preferred stock (less stock in treasury).....	\$				\$			
(b) Common stock (less stock in treasury).....								
20. Surplus.....	\$				\$			
21. Undivided profits.....								
22. TOTAL LIABILITIES.....				\$				\$

SCHEDULE K-1000000

Remarks

D-2



STATE OF CALIFORNIA     )  
                                  ) SS  
COUNTY OF LOS ANGELES   )

I, ALWIN W. JOHNSON, acting on behalf of Frank Joyce-Myron Selznick, Ltd., 9460 Wilshire Boulevard, Beverly Hills, California, as advisor for Motion Picture & Theatrical Industries, Ltd., affirm that pursuant to instructions received from Mr. Loyd Wright, 111 West Seventh Street, Los Angeles California, United States agent for Motion Picture & Theatrical Industries, Ltd. I prepared the attached return covering the calendar year 1934 showing net income of \$46,255.60 and tax liability of \$6,360.15 on the basis of information furnished by Mr. Loyd Wright without independent verification by me; that the information set out in the return and accompanying schedules correctly and fairly reflects the information furnished to or discovered by me during the course of the preparation of the return and that said information is true to the best of my information and belief.

Alwin W. Johnson  
Alwin W. Johnson

Subscribed and sworn to before me  
this 14 day of June, 1935.

W. B. Middle  
Notary Public in and for the County  
of Los Angeles, State of California  
in and for the County of Los Angeles, State of California  
My Commission Expires March 30, 1936

5-3





MOTION PICTURE & THEATRICAL INDUSTRIES, LTD.

1934 FEDERAL INCOME AND EXCESS-PROFITS TAX RETURN

NET INCOME FROM SOURCES WITHIN THE UNITED STATES

INCOME.

Metro-Goldwyn-Mayer Studio, Culver City, California	\$45,333.33
Paramount Productions, Inc., Los Angeles, California	<u>48,000.00</u>
	\$93,333.33

EXPENSES.

Salary - Charles Laughton	\$32,311.00	
Commissions - Joyce-Salsnick, Ltd.	8,433.32	
Legal Fees & Expenses - Loyd Wright	5,271.33	
Auditing	225.00	
Advertising and publicity:		
Variety	\$143.20	
Hollywood Reporter	142.50	
Police Review	25.00	
I.A.T.S.E. Local #37 - Contribution	<u>25.00</u>	335.70
Federal excise tax on checks	<u>.32</u>	
		<u>47,275.27</u>
Net Income from sources within the United States		<u>\$46,255.60</u>

N-21



MOTION PICTURE & THEATRICAL INDUSTRIES, LTD.

1954 FEDERAL INCOME AND EXCESS-PROFITS TAX RETURN

SCHEDULE K - BALANCE SHEET - DECEMBER 31, 1954

<u>ASSETS</u>	<u>United States</u>	<u>England (Rate \$4.84)</u>	<u>Together</u>
Cash	\$58,334.77	\$12,757.02	\$51,091.79
Accounts receivable	2,587.50	27,311.00	30,498.50
Excess of United States Federal income tax withheld at source over actual tax	0,473.18		0,473.18
Current account	7,500.00	7,410.00	90.00
	<u>\$59,395.45</u>	<u>\$43,078.02</u>	<u>\$87,973.47</u>
<u>LIABILITIES</u>			
Share capital		\$29,040.00	\$29,040.00
Surplus	\$58,005.45	13,478.02	50,333.47
	<u>\$58,005.45</u>	<u>\$43,078.02</u>	<u>\$87,973.47</u>



1. Net income from Item 27, page 1 of the return	\$ 40,255.00
2. Nontaxable income:	
(a) Interest on obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia, or United States possessions	
(b) Interest on obligations of the United States (except interest in excess of exemption as reported in Schedule J (c))	
(c) Dividends deductible under Section 23 (p) of the Revenue Act of 1934	
(d) Proceeds of life insurance policies paid upon the death of the insured	
(e) Other items of nontaxable income (to be detailed):	
(1) Income from sources	
(2) outside of the United	
(3) States	18,473.02
3. Charges against reserve for bad debts, if Item 21, page 1 of return, is not an addition to a reserve	
4. Charges against reserves for contingencies, etc. (to be detailed):	
(a)	
(b)	
(c)	
5. Total of Lines 1 to 4, inclusive	\$ 64,023.02
6. Total from Line 14	\$ 5,360.15
7. Net profit or loss for year, as shown by books, before any adjustments are made therein (Line 5 minus Line 6) (If loss, indicate -)	\$ 58,333.47
8. Surplus and undivided profits as shown by balance sheet at close of preceding taxable year	
9. Other credits to surplus (to be detailed):	
(a)	
(b)	
(c)	
10. Total of Lines 7 to 9, inclusive	\$ 58,333.47
11. Total from Line 17	
12. Surplus and undivided profits as shown by balance sheet at close of taxable year (Line 10 minus Line 11)	\$ 58,333.47

## NET INCOME (OR DEFICIT) REPORTED IN RETURN FOR CALENDAR YEAR 1933 OR FISCAL YEAR 1931

1. Net income \$ (or deficit \$)

## NATURE OF BUSINESS

2. Check the block to indicate the industrial division in which the corporation's main income producing business falls:

- ☐ Agriculture and related industries, including fishing, forestry, ice-harvesting, leasing such properties.
- ☐ Mining and quarrying, including gas and oil wells; leasing such properties.

## MANUFACTURING

- Food and kindred products:**
- ☐ Bakery and confectionery products.
- ☐ Canned products—fish, fruit, vegetables, poultry.
- ☐ Mill products—bran, flour, feed.
- ☐ Packing-house products—meats, lard; slaughtering.
- ☐ Sugar—beet, cane, maple; molasses, syrups; refining.
- ☐ Other food products—butter substitutes, cereals, coffee, spices, dairy products; artificial ice, etc.
- ☐ Beverages, soft drinks, mineral water.
- ☐ Brewing and distilling—alcohol, liquors, beer, malt extract, wine.
- ☐ Tobacco products.

## Textiles:

- ☐ Cotton goods—dress goods, etc.; napping, dyeing.
- ☐ Woolen and worsted goods—dress goods, etc.; wool pulling, scouring.
- ☐ Silk and rayon goods—dress goods, thrown silk, etc.; spinning, rearing.
- ☐ Carpets, floor coverings, tapestries, linoleum.
- ☐ Other textiles—cord, felt, fur, linen, artificial leather, surgical textiles, etc.
- ☐ Clothing—custom-made, factory-made, underwear, millinery, etc.
- ☐ Knit goods—sweaters, hosiery, etc.
- ☐ Leather boots, shoes, slippers, etc.
- ☐ Other leather products—saddlery, harness, trunks, finishing, tanning.
- ☐ Rubber tires and tubes.
- ☐ Other rubber goods—boots, shoes, hose, artificial rubber.
- ☐ Bone, celluloid and ivory products.
- ☐ Sawmill and planing mill products.
- ☐ Other wood products—carriages, wagons, furniture, baskets, etc.
- ☐ Paper, pulp and products.
- ☐ Printing, publishing, and allied industries.
- ☐ Petroleum and other mineral oil refining and products.
- ☐ Chemicals proper, acids, compounds, coal tar products, etc.
- ☐ Allied chemical substances, drugs, oils, soaps, etc.
- ☐ Paints, pigments, varnishes, etc.
- ☐ Fertilizers.
- ☐ Stone, clay, glass, and related products.

## MANUFACTURING—(Continued)

## Metal products and processes:

- ☐ Iron and steel—products of blast furnaces, rolling mills, foundries.
- ☐ Locomotives and railroad equipment.
- ☐ Motor vehicles, complete or parts.
- ☐ Machinery—factory, used in producing food, leather, metal, paper, printing, rubber, stone, clay, glass, textile and wood products.
- ☐ Machinery—agricultural and equipment.
- ☐ Machinery—electrical and equipment.
- ☐ Machinery—other, building, construction, gas and mining machinery and equipment.
- ☐ Household equipment—metal furniture, refrigerators, sewing machines, washing machines, etc.
- ☐ Office equipment.
- ☐ Metal building material and equipment.
- ☐ Hardware, tools, etc.
- ☐ Precious metal products and processes.
- ☐ Other metals, products and processes.

## Miscellaneous manufacturing:

- ☐ Radios, complete or parts.
- ☐ Musical, professional, and scientific instruments, optical goods, small boats.
- ☐ Airplanes, airplanes, seaplanes, parts.
- ☐ Construction—excavations, bridges, bulkheads, railroads, ships, equipping and installing systems.
- ☐ Transportation—rail, water, aerial, motor, etc.; leasing such facilities.
- ☐ Public utilities—electric light or power, gas (artificial or natural), pipe lines, telegraph, telephone, radio, water works, heat supply, toll bridges, etc.; leasing such utilities.
- ☐ Storage—cold storage, grain elevators, warehouses, safe deposit vaults, etc.
- Trade:**
- ☐ Wholesale.
- ☐ Retail.
- ☐ Wholesale and retail.
- ☐ Commission.
- ☐ All other trade—repair service, garages for storage, film exchange, etc.
- ☒ Service—professional, business, amusement, domestic, and all other.

## Finance:

- ☐ Banks—national, State, private, savings; joint-stock land banks.
- ☐ Stock and bond brokers, investment bankers or brokers, investment trusts.
- ☐ Real estate, realty holding, real estate agents.
- ☐ Insurance companies (not agents).
- ☐ Other finance—loan companies, building and loan associations, note, mortgage or pawn brokers, stock syndicates, insurance agents.

13. Unallowable deductions:	
(a) Excess of depletion deduction over basis of property	
(b) Income and gross income paid to non-resident alien stockholder part of the corporation or foreign corporation, which is subject to tax in part or in full, in the hands of the stockholder	
(c) Federal income tax on the foreign-sourced income	
(d) Special dividend income tax on dividends paid to non-resident alien stockholders	
(e) Foreign and foreign-sourced income tax on dividends paid to non-resident alien stockholders	
(f) Repayment and interest	
(g) Insurance, including stock of the life of any individual, in a policy where the insured is deceased or is a beneficiary	
(h) Income on capital assets, including interest on bonds or other securities, or on any other property, which is wholly exempt from taxation	
(i) Addition to reserve for bad debts which are not included in Item 21, page 1 of return	
(j) Addition to reserve for contingencies, etc. (to be detailed)	
(k)	
(l)	
(m) Other unallowable deductions (to be detailed):	
(1) United States Federal	
(2) income taxes withheld	
(3) at source	

14. Total of Line 13	
15. Dividends paid during the taxable year (state whether paid in cash, stock of the corporation, or other property):	
(a) Date paid	Character
(b) Date paid	Character
(c) Date paid	Character
(d) Date paid	Character
16. Other debits to surplus (to be detailed):	
(a)	
(b)	
(c)	
17. Total of Lines 15 and 16	

## AFFILIATIONS WITH OTHER CORPORATIONS (See Instruction 3)

3. Is this a consolidated return? ☒ No. If so, give name and address of each corporation of which this is a consolidated return.4. Was the income of this corporation included in a consolidated return for the preceding year? ☒ No. If so, give name of corporation with which filed the consolidated return.

## PREDECESSOR BUSINESS

5. Did the corporation file a return under the same name for the preceding taxable year? ☒ No. Was the corporation in any way an outgrowth, result, continuation, or reorganization of a business or businesses in existence during that or any prior year (since December 31, 1927)? ☒ No. If answer is "yes", give name and address of each predecessor business as of the date of the change in entity.

Upon such change were any assets valued increased or decreased? If the answer is "yes", closing balance sheets of all business and opening balance sheets of new business must be furnished.

## BASIS OF RETURN

6. Is this return made on the basis of cash receipts and disbursements? ☒ Yes. If not, describe fully what other basis or method was used in computing net income.

## VALUATION OF INVENTORIES

7. State whether the inventories at the beginning and end of the taxable year were valued at cost, or cost or market, whichever is lower. If other basis was used, describe fully, state why used and the date inventory was last reconciled with stock. ☒ No.

## PREPARATION OF RETURN (See Instruction 51)

8. Did any person or persons advise the corporation in respect of any question or matter affecting any item or schedule of this return, or assist or advise the corporation in the preparation of this return, or actually prepare this return for the corporation? ☒ Yes. If so, give the name and address of such person or persons and state the nature and extent of the assistance or advice received and the items and schedules in respect of which the assistance or advice was received. If this return was actually prepared by any person or persons other than the corporation, state the source of the information reported in this return and the manner in which it was furnished to or obtained by such person or persons.

## INFORMATION RETURN

9. Did the corporation make a return of information on Forms 1008 and 1009 (see Instruction 57) for the calendar year 1934? ☒ Yes.

## LIST OF ATTACHED SCHEDULES

10. Enter below a list of all schedules accompanying this return, giving for each a brief title and the schedule number. The name and address of the corporation should be placed on each separate schedule accompanying the return. ☒ Schedule A - Balance Sheet. ☒ Schedule B - Profit and Loss Statement. ☒ Schedule C - Statement of Assets and Liabilities. ☒ Schedule D - Statement of Changes in Surplus. ☒ Schedule E - Statement of Dividends Paid. ☒ Schedule F - Statement of Other Debits to Surplus. ☒ Schedule G - Statement of Other Credits to Surplus. ☒ Schedule H - Statement of Other Deductions. ☒ Schedule I - Statement of Other Income. ☒ Schedule J - Statement of Other Expenses. ☒ Schedule K - Balance Sheet. ☒ Schedule L - Profit and Loss Statement. ☒ Schedule M - Statement of Assets and Liabilities. ☒ Schedule N - Statement of Changes in Surplus. ☒ Schedule O - Statement of Dividends Paid. ☒ Schedule P - Statement of Other Debits to Surplus. ☒ Schedule Q - Statement of Other Credits to Surplus. ☒ Schedule R - Statement of Other Deductions. ☒ Schedule S - Statement of Other Income. ☒ Schedule T - Statement of Other Expenses.





1. COST OF SALES (WHERE INVENTORIES ARE AN INCOME-DETERMINING FACTOR)		2. COST OF OPERATIONS (WHERE INVENTORIES ARE NOT AN INCOME-DETERMINING FACTOR)	
ITEMS	AMOUNT (Enter as Item 2 (c))	ITEMS	AMOUNT (Enter as Item 2 (c))
Salaries and wages	\$	Salaries and wages	\$
Other costs		Other costs	

## SCHEDULE B—CAPITAL GAINS AND LOSSES (See Instruction 10)

1. DESCRIPTION OF PROPERTY	2. DATE ACQUIRED	3. DATE SOLD	4. AMOUNT RECEIVED	5. COST	6. MARCH 1, 1912, VALUE IF ACQUIRED BEFORE THAT DATE	7. COST OF IMPROVEMENTS AFTER ACQUISITION ON MARCH 1, 1912	8. DEPRECIATION ALLOWED FOR ALLOWABLE INCOME ACQUISITION ON MARCH 1, 1912 (Pursuant to Section 113)	9. GAIN OR LOSS
	Mo. Day Year	Mo. Day Year	\$	\$	\$	\$	\$	\$
NET GAIN OR LOSS (enter as Item 10) (Capital losses are allowable only to the extent of \$2,000 plus capital gains)								

State (1) how property was acquired; (2) whether at time of sale or exchange purchaser owned more than 50%

in value of your outstanding stock.

Every sale or exchange of stock should be reported in detail, including name and address of corporation, class of stock, number of shares, capital changes affecting basis (stock dividends, other nontaxable dividends, stock rights, etc.).

Cost of property must be entered in column 5 if a loss is claimed in column 9.

## SCHEDULE C—COMPENSATION OF OFFICERS (See Instruction 15)

1. NAME AND ADDRESS OF OFFICER	2. OFFICIAL TITLE	3. TIME DEVOTED TO BUSINESS	SHARES OF STOCK OWNED		6. AMOUNT OF COMPENSATION (Enter as Item 16)
			4. Common	5. Preferred	
					\$

Note: Schedule C-1 also must be filed with this return if compensation in excess of \$15,000 was paid to any officer or employee.

## SCHEDULE D—COST OF REPAIRS (See Instruction 17)

1. ITEMS	2. AMOUNT (Enter as Item 17)
Salaries and wages	\$
Other costs	

## SCHEDULE E—TAXES PAID (See Instruction 19)

1. ITEMS	2. AMOUNT (Enter as Item 19)
	\$

## SCHEDULE F—EXPLANATION OF DEDUCTION FOR LOSSES BY FIRE, STORM, ETC. (See Instruction 20)

1. KIND OF PROPERTY	2. DATE ACQUIRED	3. COST	4. SUBSEQUENT IMPROVEMENTS	5. DEPRECIATION ALLOWABLE SINCE ACQUISITION	6. INSURANCE AND SALVAGE VALUE	7. DEDUCTIBLE LOSS (Enter as Item 20)
		\$	\$	\$	\$	\$

State how property was acquired.

## SCHEDULE G—BAD DEBTS (See Instruction 21)

1. YEAR	2. SALES ON ACCOUNT	3. BAD DEBTS
1930	\$	\$
1931		
1932		
1933		
1934		

## SCHEDULE H—INCOME FROM DIVIDENDS (See Instruction 12)

Itemize below all dividends received during the year, stating the amount and the name and address of the corporation which declared the dividend:

1. YEAR	2. SALES ON ACCOUNT	3. BAD DEBTS
1930	\$	\$
1931		
1932		
1933		
1934		

## SCHEDULE I—EXPLANATION OF DEDUCTION FOR DEPRECIATION (See Instruction 23)

1. KIND OF PROPERTY (If buildings, state material of which constructed)	2. DATE ACQUIRED	3. COST OR MARCH 1, 1912 VALUE IF ACQUIRED PRIOR TO THAT DATE (Indicate basis)	4. ASSETS FULLY DEPRECIATED IN USE AT END OF YEAR	5. DEPRECIATION ALLOWED (OR ALLOWABLE) IN PRIOR YEARS	6. REMAINING COST OR OTHER BASIS TO BE RECOVERED	7. LIFE USED IN ACCUMULATING DEPRECIATION	8. ESTIMATED REMAINING LIFE FROM BEGINNING OF YEAR	9. DEPRECIATION ALLOWABLE THIS YEAR
		\$	\$	\$	\$			\$

## SCHEDULE J—INTEREST ON LIBERTY BONDS AND OTHER OBLIGATIONS OR SECURITIES (See Instruction 11)

1. OBLIGATIONS OR SECURITIES	2. AMOUNT OWNED	3. INTEREST RECEIVED OR ANTICIPATED	4. PRINCIPAL AMOUNT EXEMPT FROM TAXATION	5. AMOUNT OWNED IN EXCESS OF EXEMPTION	6. INTEREST ON AMOUNT IN EXCESS OF EXEMPTION (Enter as Item 11)
(a) Obligations of a State, Territory, or political subdivision thereof, or the District of Columbia, or United States possessions.			ALL	XXXXXX	XXXXXX
(b) Obligations issued under Federal Farm Loan Act, or under such Act as amended.			ALL	XXXXXX	XXXXXX
(c) Liberty 3½%, Bonds and other obligations of United States issued on or before September 1, 1917.			ALL	XXXXXX	XXXXXX
(d) Treasury Notes, Treasury Bills, and Treasury Certificates of Indebtedness.			ALL	XXXXXX	XXXXXX
(e) Liberty 4% and 4½% Bonds and Treasury Bonds.			\$5,000	XXXXXX	XXXXXX
(f) Obligations of instrumentalities of the United States (other than obligations to be reported in line (b) above).			None		

## AFFIDAVIT (See Instruction 50)

We, the undersigned, president (or vice president, or other principal officer) and treasurer (or assistant treasurer, or chief accounting officer) of the corporation for which this return is made, being severally duly sworn, each for himself deposes and says that this return (including its accompanying schedules and statements, if any) has been examined by him and is, to the best of his knowledge and belief, a true, correct, and complete return, made in good faith, for the taxable year stated, pursuant to the Revenue Act of 1934 and the Regulations issued thereunder.

Sworn to and subscribed before me this 15th day of June, 1935

NOTARIAL SEAL

(Signature of officer administering oath)

(Title)

CORPORATE SEAL

## AFFIDAVIT (See Instruction 51)

I/we swear (or affirm) that I/we prepared this return for the person named herein and that the return (including its accompanying schedules and statements, if any) is a true, correct, and complete statement of all the information respecting the income tax and/or excess-profits tax liability of the person for whom this return has been prepared of which I/we have any knowledge.

Sworn to and subscribed before me this 15th day of June, 1935

NOTARIAL SEAL

(Signature of officer administering oath)

(Title)

Affidavit attached.

(Signature of person preparing the return)

(Signature of person preparing the return)

(Name of firm or employer, if any)

7-10421



U. S. BOARD OF TAX APPEALS	
DIV. <u>12</u>	DOCKET <u>88104</u>
ADMITTED IN EVIDENCE	
JUN 27 1938	
PETITIONER'S	EXHIBIT <u>5</u>
RESPONDENT'S	

4-5







# 1934 RETURN

OF  
CAPITAL-STOCK TAX  
For Year Ending June 30, 1934

## FOREIGN CORPORATIONS

(See 701, Revenue Act of 1934, 750 (a) (2), Pub. No. 514)

This return must be filed with the Collector of Internal Revenue for year district of Baltimore, Md., on or before July 31, 1934, and the tax must be paid on or before that date.

ORIGINAL

6th Cal.

(Certification stamp)  
AMENDMENT LAST, FORM NO. 22 A

(Month) (Year)

(Page) (Line)

Examined APR. 9 1935

PENDING

- Name Motion Picture and Theatrical Industries, Limited.
- Address 1125 Board of Trade Bldg., Los Angeles, California.
- Home office located at 8 Albert Court, 68 Marlborough Lane, County of London, England.
- Nature of business in detail Motion Picture
- Associated company or companies

### DECLARATION OF THE VALUE OF THE CAPITAL EMPLOYED IN THE TRANSACTION OF BUSINESS IN THE UNITED STATES

IMPORTANT.—Before declaring a value for the entire capital employed in the transaction of business in the United States, carefully read the instructions below, as a value once declared cannot later be amended.

If you file your income-tax return on a calendar year basis, or would do so if subject to income tax, declare in the space below a value for the entire capital employed in the transaction of business in the United States as of December 31, 1933, which you are willing to have accepted in this and subsequent years, as a basis, subject to statutory adjustments, on which to pay capital-stock tax and excess-profits tax.

If you file your income-tax return on a fiscal year basis, or would so file it, if subject to income tax, declare the value as of the close of such fiscal year.

If your corporation was organized during the year July 1, 1933, to June 30, 1934, both dates inclusive, and if neither the first calendar year nor the first fiscal year for income-tax purposes has ended during the year July 1, 1933, to June 30, 1934, both dates inclusive, declare the value as of the date of organization.

(See INSTRUCTION No. 2 for additional instructions)

- VALUE OF THE ENTIRE CAPITAL EMPLOYED IN THE TRANSACTION OF BUSINESS IN THE UNITED STATES 1,121,522.55  
Exemption claimed

\*A specific and unqualified value must be shown in this space. If the capital employed in the United States has no value, insert the word "None."

### (COMPONENTS OF DECLARED CAPITAL (See INSTRUCTION NO. 4))

- The value declared under item 5 represents:
  - Capital constantly in the United States.
  - Portion of transitory capital allocated to United States business.
- Total (same as item 5)

### COMPUTATION OF TAX

- Amount shown in item 6.
- Tax at the rate of \$1 for each full \$1,000 in item 6.
- Penalty of 20 percent for delinquency in filing return.
- Interest.
- Total tax, penalty and interest.

STATE OF California  
COUNTY OF Los Angeles

I, the Lloyd Wright, of the United States branch of the above-named foreign corporation, for which this return for capital-stock tax imposed by section 701 of the Revenue Act of 1934, is made, being duly sworn, depose and say that the items entered in the foregoing report including any statement attached to or accompanying this return are, to my best knowledge and belief, and from such information as I have been able to obtain, true and correct in each and every particular.

Sworn to and subscribed before me this 26th day of September, 1934

Anita Farrell Motion Picture and Theatrical Industries, Ltd.  
By Lloyd Wright  
(Agent, attorney, or other official capacity)  
Notary Public in and for Los Angeles County  
(SEAL OF OFFICER MAKING AFFIDAVIT)

EXEMPTION REJECTED



AFFIDAVIT OF HERSCHEL B. GREEN IN RE APPLICATION FOR  
EXTENSION OF TIME TO FILE CAPITAL STOCK TAX RETURN  
FOR MOTION PICTURE & THEATRICAL INDUSTRIES, LTD.

STATE OF CALIFORNIA     )  
COUNTY OF LOS ANGELES   ) ss.

HERSCHEL B. GREEN being first duly sworn deposes and says that he is an attorney duly licensed to practice in all the Courts of the State of California, and authorized to appear before the Treasurer's Department of the United States, pursuant to card of admission dated September 30, 1932; that he is associated with Loyd Wright in the general practice of law at 1125 Board of Trade Building, Los Angeles, California; that Motion Picture & Theatrical Industries, Ltd., a British Corporation, to the best of your affiant's information and belief has conducted no business to date in the United States; that said Corporation's only activities in the United States to date, to the best of your affiant's information and belief, consist of contracts with corporations producing motion pictures in the State of California, whereby said British corporation agreed to loan the services of an actor under contract with said British corporation to certain producers of motion pictures in the State of California, for the purpose of having said actor appear as such in certain motion pictures to be produced by said corporations producing pictures in the State of California; that in addition thereto, Loyd Wright, the duly authorized agent of said British corporation, in the United States, is negotiating with other motion picture





corporations in the State of California for contracts calling for the appearance of said actor in other motion pictures in the United States; that said negotiations are not yet completed and it is impossible at this time to determine what income said British corporation will receive by reason of its loaning the services of the actor under contract with it to said corporations producing pictures in the State of California; that your affiant is informed and believes that said negotiations will be completed prior to September 29, 1934. That neither your affiant, nor said corporation, has received a copy of the capital stock tax regulations for 1934, and it is impossible at this time to ascertain whether or not said British corporation will be subjected to said capital stock tax. It is further impossible for said British corporation, or your affiant, to ascertain the income to be received by said British corporation, which is a foreign corporation, from the United States in view of the fact that certain contracts which are now in the process of negotiation have not been signed; that your affiant is informed and believes that if an extension is granted said corporation to September 29, 1934, for the purpose of filing its capital stock tax return, that within said period it can be ascertained if said corporation is doing business in the United States, and if it is doing business in the United States, the amount of the capital stock tax it will be required to pay, under the 1934 capital stock tax act, and in view of the fact that the income of said corporation from the United States cannot, at this time be estimated, it is impossible

5-3





to place a fair and reasonable value on the capital of said corporation. That Loyd Wright, the agent and representative of said corporation in the United States is at the present time absent from the United States, and by reason of this fact, your affiant is compelled to make this affidavit on behalf of said Loyd Wright, and on behalf of said corporation, as the only representative of said corporation in the United States.

Your affiant respectfully requests that an extension be given said corporation for the filing of its capital stock tax return to and including September 29th, 1934.

SUBSCRIBED AND SWORN TO BEFORE \_\_\_\_\_ (Signed) Herschel B. Green  
ME, THIS 30th DAY OF AUGUST, 1934.

(Signed) Anita Garrett  
Notary Public in and for the County  
of Los Angeles, State of California.

54



U. S. BOARD OF TAX APPEALS	
DIV. <u>12</u>	DOCKET <u>88104</u>
ADMITTED IN EVIDENCE	
JUN 27 1938	
PETITIONER	EXHIBIT <u>6</u>
<small>TO BE PRESENTED TO THE BOARD</small>	

8/10





57M-554

RETURN FORM MARKED "DUPLICATE" MUST BE FILED WITH THIS ORIGINAL RETURN

Form 1120  
TREASURY DEPARTMENT  
INTERNAL REVENUE SERVICE  
(Auditor's Stamp)

CORPORATION INCOME AND EXCESS-PROFITS TAX RETURN  
For Calendar Year 1935

Page 1 of Return

or Fiscal Year begun ....., 1935, and ended ....., 1936

PRINT PLAINLY CORPORATION'S NAME AND BUSINESS ADDRESS

MOTION PICTURE & THEATRICAL INDUSTRIES LIMITED  
(Name)

115 CHANCERY LANE  
(Street and number)

LONDON

(Post office and State)

ENGLAND

It is Essential, Except Where Otherwise Provided in the Instructions, That This Form be Completely Filled  
in Irrespective of Any Statements, Schedules, or Reports Submitted Herewith

Date of Incorporation ....., April 30, 1934

Under the Laws of what State or Country ....., England

File  
Code

258

Serial  
Number

425321

District

(Auditor's Stamp)

Cash Check M. O. Cert. of Ind.  
First Payment

The Corporation's Books are in Care of ....., Corporation Located at ....., Above address

Kind of Business (in detail) ....., Theatrical Is This a Consolidated Return of Railroad Corporations? ....., No. If so, of How Many Corporations?

If a Foreign Corporation, State Whether Resident or Nonresident ....., Nonresident; if Nonresident, State Amount of Income Excluded (Instruction 23) From Gross Income, \$ .....

Is the Corporation a Personal Holding Company Within the Meaning of Section 351 of the Revenue Act of 1934? ....., No. (If so, an additional return on Form 1120 H must be filed.)

Item and  
Instruction No.

GROSS INCOME

1. Gross Sales (where inventories are an income-determining factor), \$ .....	Less Returns and Allowances, \$ .....	Net Sales, \$ .....
2. Less Cost of Goods Sold:		
(a) Inventory at beginning of year .....	\$ .....	
(b) Material or merchandise bought for manufacture or sale .....	\$ .....	
(c) Miscellaneous costs (From Schedule A, Column 1):		
(1) Salaries and wages, \$ .....	(2) Other costs, \$ .....	Total, \$ .....
(d) Total of lines (a), (b), and (c) .....	\$ .....	
(e) Less inventory at end of year .....	\$ .....	
3. Gross Profit from Sales (Item 1 minus Item 2) .....	\$ .....	
4. Gross Receipts (where inventories are not an income-determining factor) .....	\$ 190 230 76	
5. Less cost of operations (From Schedule A, Column 2):		
(a) Salaries and wages, \$ .....	(b) Other Per schedule costs, \$ attached .....	Total, \$ 46 612 23
6. Gross Profit where inventories are not an income-determining factor (Item 4 minus Item 5) .....	143 618 53	
7. Interest on Loans, Notes, Mortgages, Bonds, Bank Deposits, etc. ....		
8. Rents .....		
9. Royalties .....		
10. Capital Gain or Loss (From Schedule E) .....		
11. Interest on Liberty Bonds, etc. (From Schedule L, Lines 2 (a) (6) and (7)) .....		
12. Dividends on Stock of:		
(a) Domestic Corporations subject to taxation under Title I of Revenue Act of 1934 .....		
(b) Domestic Corporations not subject to taxation under Title I of Revenue Act of 1934 .....		
(c) Foreign Corporations .....		
13. Other Income (State nature of income) (Use separate schedule, if necessary) .....		
14. TOTAL INCOME IN ITEMS 3, AND 6 TO 13, INCLUSIVE .....	143 618 53	

DEDUCTIONS

15. Compensation of Officers (From Schedule C) .....	\$ .....
16. Rent on Business Property .....	\$ .....
17. Repairs (From Schedule D): (a) Salaries and Wages, \$ .....	(b) Other .....
18. Interest .....	Total .....
19. Taxes (From Schedule E) .....	
20. Losses by Fire, Storm, etc. (From Schedule F) .....	
21. Bad Debts (From Schedule G); also bonds determined to be worthless during taxable year (Explain on separate sheet) .....	
22. Dividends (Item 12 (c) above) .....	
23. Depreciation (resulting from exhaustion, wear and tear, or obsolescence) (From Schedule I) .....	
24. Depletion of Mines, Oil and Gas Wells, Timber, etc. (Submit schedule, see Instruction 24) .....	
25. Other Deductions Authorized by Law (Explain below, or on separate sheet):	
(a) Salaries and wages. (Not included in Items 2, 5, 15, or 17 above) .....	
(b) Stock determined to be worthless during the taxable year .....	
(c) .....	
26. TOTAL DEDUCTIONS IN ITEMS 15 TO 25 .....	
27. NET INCOME (Item 14 minus Item 26) .....	143 618 53

DUPLICATE FILED  
RECEIVED  
MAIL ROOM

JUN 12 1936

COLLECTOR OF INTERNAL REVENUE  
DISTRICT OF MARYLAND

COMPUTATION OF TAX

INCOME TAX			EXCESS-PROFITS TAX*		
28. Net Income (Item 27, above) .....	\$ 143 618 53		28. Net Income for Excess-profits Tax (Consolidated Item 27, above) .....	\$ 143 618 53	
29. Less Interest on Liberty Bonds, etc. (Item 11) .....			29. Less 12 1/2% of \$ 1,168,900, adjusted to reflect value of capital stock as shown in your annual stock tax return for year ended June 30, 1936 .....	146 112 50	
30. Balance subject to Income Tax (Item 28 minus Item 29) .....	\$ 143 618 53		37. Amount Subject to Excess-profits Tax (Item 35 minus Item 36) .....	None	
31. Income Tax (13 1/4% of Item 30) (or 15 1/4% of Item 30, if this is a consolidated return of railroad corporations) .....	\$ 19 747 55		38. Excess-profits Tax (5% of Item 37) .....	None	
32. Less: Income Tax Paid at Source (This credit can be allowed only to a nonresident foreign corporation) .....	26 156 74		NOTE - Where an affiliated group of railroad corporations makes a consolidated Income Tax return, the common parent corporation and each subsidiary which is liable for the filing of an Excess-profits Tax return must make a separate Excess-profits Tax return. (See Instruction 30 and 44.)		
33. Income Tax Paid to a Foreign Country or U. S. Possession by a Domestic Corporation .....			*Corporations having an income-tax (net) year ending after June 30, 1936, shall use Form 1121 in making Excess-profits Tax returns for each fiscal year.		
34. OVERPAYMENT .....	6 422 19				





ITEMS	BEGINNING OF TAXABLE YEAR				END OF TAXABLE YEAR			
	Amount		Total		Amount		Total	
<b>ASSETS</b>								
1. Cash:								
(a) Demand deposits, including checks.....	\$				\$			
(b) Time deposits, including certificates of deposit.....								
(c) All other cash.....			\$				\$	
2. Notes receivable.....								
3. Accounts receivable.....	\$				\$			
(a) Less reserve for bad debts.....								
4. Inventories:								
(a) Raw materials.....	\$				\$			
(b) Work in process.....								
(c) Finished goods.....								
(d) Supplies.....								
5. Investments (nontaxable):								
(a) Obligations of a State, Territory, or political subdivision thereof, or the District of Columbia, or United States possessions.....	\$				\$			
(b) Obligations issued under Federal Farm Loan Act, or under such Act as amended.....								
(c) Liberty 3½% Bonds and other obligations of United States issued on or before September 1, 1917.....								
(d) Treasury Notes, Treasury Bills, and Treasury Certificates of Indebtedness.....								
(e) Liberty 4% and 4½% Bonds, United States Savings Bonds, and Treasury Bonds.....								
(f) Obligations of instrumentalities of the United States (other than obligations to be reported in line (b) above).....								
6. Other investments:								
(a) Stocks of domestic corporations.....	\$				\$			
(b) Bonds of domestic corporations.....								
(c) Stocks and bonds of foreign corporations.....								
(d) All other investments or loans.....								
7. Deferred charges:								
(a) Prepaid insurance.....	\$				\$			
(b) Prepaid taxes.....								
(c) All other.....								
8. Capital assets:								
(a) Buildings.....	\$				\$			
(b) Machinery and equipment.....								
(c) Furniture and fixtures.....								
(d) Delivery equipment.....								
(e) Other depreciable assets.....								
(f) TOTAL OF LINES (a) TO (e).....	\$				\$			
(g) Less reserves for depreciation.....								
(h) Depletable assets.....	\$				\$			
(i) Less reserves for depletion.....								
(j) Land.....								
9. Patents.....								
10. Good will.....								
11. Other assets (describe fully):								
12. TOTAL ASSETS.....			\$				\$	
<b>LIABILITIES</b>								
13. Notes payable (less than 1 year).....			\$				\$	
14. Accounts payable.....								
15. Bonds and notes (not secured by mortgage).....								
16. Mortgages (including bonds and notes so secured).....								
17. Accrued expenses:								
(a) Interest.....	\$				\$			
(b) Taxes.....								
(c) All other.....								
18. Other liabilities (describe fully):								
19. Capital stock:								
(a) Preferred stock (less stock in treasury).....	\$				\$			
(b) Common stock (less stock in treasury).....								
20. Surplus.....	\$				\$			
21. Undivided profits.....								
22. TOTAL LIABILITIES.....			\$				\$	

REMARKS: Information for the preparation of the Balance sheet was not available at the date of the preparation of this return





1. Net income subject to taxation (Item 30, page 1 of return)		13. Unallowable deductions:	
2. Nontaxable income:		(a) Donations, gratuities, and contributions	
(a) Interest on:		(b) Income and profits taxes paid to the United States, and such taxes paid to its possessions or foreign countries if claimed as a credit in whole or in part in Item 23, page 1 of the return	
(1) Obligations of a State, Territory, or political subdivision thereof, or the District of Columbia, or United States possessions		(c) Federal taxes paid on tax-free covenant bonds	
(2) Obligations issued under Federal Farm Loan Act, or under such Act as amended		(d) Special improvement taxes tending to increase the value of the property assessed	
(3) Liberty 2½% Bonds and other obligations of United States issued on or before September 1, 1917		(e) Furniture and fixtures, additions, or betterments treated as expenses on tax books	
(4) Treasury Notes, Treasury Bills, and Treasury Certificates of Indebtedness		(f) Replacements and renewals	
(5) Liberty 4% and 4½% Bonds, United States Savings Bonds, and Treasury Bonds owned in the principal amount of \$5,000 and under		(g) Insurance (premiums paid on the life of any officer or employee where the corporation is directly or indirectly a beneficiary)	
(6) Liberty 4% and 4½% Bonds, United States Savings Bonds, and Treasury Bonds owned in the principal amount of over \$5,000		(h) Interest on indebtedness incurred or continued to purchase or carry obligations (other than obligations of the United States issued after September 24, 1917, and originally subscribed for by the taxpayer) the interest upon which is wholly exempt from taxation	
(7) Obligations of instrumentalities of the United States (other than those to be reported in Line 2 (a) (2) above)		(i) Additions to reserves for bad debts which are not included in Item 21, page 1 of return	
(8) Dividends deductible under Section 28 (g) of the Revenue Act of 1934		(j) Additions to reserves for contingencies, etc. (to be detailed):	
(9) Proceeds of life insurance policies paid upon the death of the insured		(1) _____	
(10) Other items of nontaxable income (to be detailed):		(2) _____	
(1) _____		(3) _____	
(2) _____		(k) Other unallowable deductions (to be detailed):	
3. Charges against reserve for bad debts, if Item 21, page 1 of return, is not an addition to a reserve		(1) _____	
4. Charges against reserves for contingencies, etc. (to be detailed):		(2) _____	
(a) _____		(3) _____	
(b) _____			
5. Total of Lines 1 to 4, inclusive	3	14. Total of Line 13	3
6. Total from Line 11		15. Dividends paid during the taxable year (state whether paid in cash, stock of the corporation, or other property):	
7. Net profit or loss for year, as shown by books, before any adjustments are made therein (Line 5 minus Line 6) (if loss, indicate)	3	(a) Date paid _____ Character _____	
8. Surplus and undivided profits as shown by balance sheet at close of preceding taxable year		(b) Date paid _____ Character _____	
9. Other credits to surplus (to be detailed):		(c) Date paid _____ Character _____	
(a) _____		(d) Date paid _____ Character _____	
(b) _____		16. Other debits to surplus (to be detailed):	
10. Total of Lines 7 to 9, inclusive	3	(a) _____	
11. Total from Line 17		(b) _____	
12. Surplus and undivided profits as shown by balance sheet at close of taxable year (Line 10 minus Line 11)	3	(c) _____	
		17. Total of Lines 15 and 16	3

## NATURE OF BUSINESS

1. Check the block to indicate the industrial division in which the corporation's main line of producing business falls:

## MANUFACTURING

- Food and kindred products:**
- ☐ Bakery and confectionery products.
- ☐ Canned products—fish, fruit, vegetables, etc.
- ☐ Mill products—bran, flour, feed.
- ☐ Packing-house products—meats, lard, slaughtering.
- ☐ Sugar—beet, cane, maple; molasses, etc.
- ☐ Other food products—butter substitutes, cereals, coffee, spices, dairy products, ice, etc.
- ☐ Beverages, soft drinks, mineral water.
- ☐ Brewing and distilling—alcohol, liquors, beer, malt extract, wine.
- ☐ Tobacco products.

## Textiles:

- ☐ Cotton goods—dress goods, etc.; napping, dyeing.
- ☐ Woolen and worsted goods—dress goods, etc.; wool pulling, scouring.
- ☐ Silk and rayon goods—dress goods, thrown silk, etc.; spinning, rearing.
- ☐ Carpets, floor coverings, tapestries, linoleum.
- ☐ Other textiles—cord, felt, fur, linen, artificial leather, surgical textiles, etc.
- ☐ Clothing—custom-made, factory-made, underwear, millinery, etc.
- ☐ Knit goods—sweaters, hosiery, etc.
- ☐ Leather boots, shoes, slippers, etc.
- ☐ Other leather products—saddlery, harness, trunks, finishing, tanning.
- ☐ Rubber tires and tubes.
- ☐ Other rubber goods—boots, shoes, hose, artificial rubber.
- ☐ Bone, celluloid and ivory products.
- ☐ Sewing and planting mill products.
- ☐ Furniture (not metal).
- ☐ Other wood products—carriages, wagons, baskets, etc.
- ☐ Paper, pulp and products.
- ☐ Printing, publishing, and allied industries.

- ☐ Petroleum and other mineral oil refining and products.
- ☐ Chemicals proper, acids, compounds, coal tar products, etc.
- ☐ Allied chemical substances, drugs, oils, soaps, etc.
- ☐ Paints, pigments, varnishes, etc.
- ☐ Fertilizers.
- ☐ Stone, clay, glass, and related products.

## Metal products and processes:

- ☐ Iron and steel—products of blast furnaces, rolling mills, foundries.
- ☐ Locomotives and railroad equipment.
- ☐ Motor vehicles, complete or parts.

## MANUFACTURING—(Continued)

- Metal products and processes—(Continued)**
- ☐ Machinery—factory, used in producing food, leather, metal, paper, printing, rubber, stone, clay, glass, textile and wood products.
- ☐ Machinery—agricultural and equipment.
- ☐ Machinery—electrical and equipment.
- ☐ Machinery—other, building, construction, gas and mining machinery and equipment.
- ☐ Household equipment—metal furniture, refrigerators, sewing machines, etc.
- ☐ Office equipment.
- ☐ Metal building material and equipment.
- ☐ Hardware, tools, etc.
- ☐ Precious metal, products and processes.
- ☐ Other metals, products and processes.

## Machinery—electrical and equipment.

- ☐ Machinery—other, building, construction, gas and mining machinery and equipment.
- ☐ Household equipment—metal furniture, refrigerators, sewing machines, etc.
- ☐ Office equipment.
- ☐ Metal building material and equipment.
- ☐ Hardware, tools, etc.
- ☐ Precious metal, products and processes.
- ☐ Other metals, products and processes.

## Metal building material and equipment.

- ☐ Hardware, tools, etc.
- ☐ Precious metal, products and processes.
- ☐ Other metals, products and processes.

## Other metals, products and processes.

- ☐ Miscellaneous manufacturing:
- ☐ Radio, complete or parts.
- ☐ Musical, professional, and scientific instruments; optical goods, small tools.
- ☐ Airplanes, airplanes, airplanes, parts.

## NONMANUFACTURING

## Trade:

- ☐ Wholesale.
- ☐ Retail.
- ☐ Wholesale and retail.
- ☐ Commission.
- ☐ Other trade—repair service, garages, etc.

## Finance:

- ☐ Banks—national, State, private, savings, joint-stock land banks.
- ☐ Stock and bond brokers, investment bankers or brokers.
- ☐ Real estate, realty holding, real estate agents.
- ☐ Insurance companies (not agents).
- ☐ Investment trusts, stock syndicates, stock holding companies.
- ☐ Other finance—loan companies, building and loan associations, note, mortgage or pawn brokers, insurance agents.
- ☐ Agriculture and related industries, including fishing, forestry, bee-harvesting, leasing such properties.
- ☐ Mining and quarrying, including gas and oil wells, leasing such properties.
- ☐ Construction—excavations, bridges, buildings, railroads, ships; equipping and installing systems.
- ☐ Transportation—rail, water, aerial, motor, etc., leasing such facilities.
- ☐ Storage—cold storage, grain elevators, warehouses, radio-telephone, etc.
- ☐ Public utilities—electric light or power, gas (artificial or natural), pipe lines, telegraph, telephone, radio, water works, heat supply, toll bridges, etc., leasing such utilities.
- ☐ Service—professional, business, amusement, domestic, and all other.

## AFFILIATIONS WITH OTHER CORPORATIONS (See Instruction 20)

2. Is this a consolidated return? No If so, procure from the collector of internal revenue for your district Form 851, Affiliations schedule, which shall be filled in, sworn to, and filed as a part of this return.3. Was the income of this corporation included in a consolidated return for the prior year? No

If so, give name of corporation which filed the consolidated return.

## PREDECESSOR BUSINESS

4. Did the corporation file a return under the same name for the preceding taxable year? Yes  
Was the corporation in any way an outgrowth, result, continuation, or reorganization of a business or businesses in existence during this or any prior year since December 31, 1917? No  
If answer is "yes", give name and address of each predecessor business, and the date of the change in entity.Upon such change were any asset values increased or decreased? No  
If the answer is "yes", closing balance sheets of old business and opening balance sheets of new business must be furnished.

## BASIS OF RETURN

5. Is this return made on the basis of cash receipts and disbursements? Yes

If not, describe fully what other basis or method was used in computing net income.

## VALUATION OF INVENTORIES

6. State whether the inventories at the beginning and end of the taxable year were valued at cost, or cost or market, whichever is lower. If other basis was used, describe fully, state why used and the date inventory was last reconciled with stock. None

## PREPARATION OF RETURN (See Instruction 47)

7. Did any person or persons advise the corporation in respect of any question or matter affecting any item or schedule of this return, or assist or advise the corporation in the preparation of this return, or actually prepare this return for the corporation? Yes If so, give the name and address of such person or persons and state the nature and extent of the assistance or advice received and the items and schedules in respect of which the assistance or advice was received. If this return was actually prepared by any person or persons other than the corporation, state the source of the information reported in this return and the manner in which it was furnished to or obtained by such person or persons.

Myron Melnick &amp; Co., Inc. Affidavit attached

## INFORMATION RETURN

8. Did the corporation make a return of information on Forms 104 and 1040 (see Instruction 35) for the calendar year 1937? Yes

## LIST OF ATTACHED SCHEDULES

9. Enter below a list of all schedules accompanying this return, giving for each a brief title and the schedule number. The name and address of the preparer should be placed on each separate schedule accompanying the return. Statement of Harold E. Williams.

Statement of income and expenses





1. COST OF SALES (WHERE INVENTORIES ARE AN INCOME-DETERMINING FACTOR)			2. COST OF OPERATIONS (WHERE INVENTORIES ARE NOT AN INCOME-DETERMINING FACTOR)		
ITEMS	AMOUNT (Enter on Item 2 (c))		ITEMS	AMOUNT (Enter on Item 2)	
Salaries and wages	\$		Salaries and wages	\$	
Other costs			Other costs		

**SCHEDULE B—CAPITAL GAINS AND LOSSES (FROM SALES OR EXCHANGES ONLY)** (See Instruction 10)[illegible]

State (1) how property was acquired; (2) whether at time of sale or exchange purchaser owned more than 50% in value of your outstanding stock. Every sale or exchange of stock should be reported in detail, including name and address of corporation, class of stock, number of shares, capital changes affecting basis (stock dividends, other nontaxable dividends, stock rights, etc.). Cost of property must be entered in column 5 if a loss is claimed in column 9.

**SCHEDULE C—COMPENSATION OF OFFICERS** (See Instruction 15)

1. NAME AND ADDRESS OF OFFICER	2. OFFICIAL TITLE	3. TIME DEVOTED TO BUSINESS	SHARES OF STOCK OWNED		4. AMOUNT OF COMPENSATION (Enter on Item 14)
			4. Common	5. Preferred	
					\$

**NOTE:** Schedule C-1 IN DUPLICATE also must be filed with this return if compensation in excess of \$15,000 was paid to any officer or employee.

**SCHEDULE D—COST OF REPAIRS** (See Instruction 17)

1. ITEMS	2. AMOUNT (Enter as Item 17)
Salaries and wages .....	\$ .....
Other costs .....	.....
.....	.....
.....	.....
.....	.....

**SCHEDULE E—TAXES PAID** (See Instruction 19)[illegible]**SCHEDULE F—EXPLANATION OF DEDUCTION FOR LOSSES BY FIRE, STORM, ETC.** (See Instruction 20)

1. KIND OF PROPERTY	2. DATE ACQUIRED	3. COST	4. SUBSEQUENT IMPROVEMENTS	5. DEPRECIATION ALLOWABLE SINCE ACQUISITION	6. INSURANCE AND SALVAGE VALUE	7. DEPRECIABLE LOSS (Enter as Item 20)
		\$	\$	\$	\$	\$

State how property was acquired

**SCHEDULE G—BAD DEBTS** (See Instruction 21)

1. YEAR	2. NET INCOME	3. SALES ON ACCOUNT	4. BAD DEBTS
1901	\$	\$	\$
1902			
1903			
1904			
1905			

**SCHEDULE H—INCOME FROM DIVIDENDS** (See instruction 12)

Transcribe below all dividends received during the year, stating the amount and the name and address of the corporation which declared the dividend:

**SCHEDULE I—EXPLANATION OF DEDUCTION FOR DEPRECIATION** (See Instruction 23)[illegible]**AFFIDAVIT** (See Instruction 46)

We, the undersigned, president (or vice president, or other principal officer) and treasurer (or assistant treasurer, or chief accounting officer) of the corporation for which this return is made, hereby declare, each for himself, and we jointly and severally, that this return (including its accompanying schedules and statements, if any) has been examined by him and is, to the best of his knowledge and belief, a true, correct, and complete return made in good faith, for the taxable year stated, pursuant to the Revenue Act of 1934 and the Regulations issued thereunder.

Sworn to and subscribed before me this 10<sup>th</sup> day of June 1936

**NOTARIAL  
SEAL**

(Signature of officer administering oath)

**CORPORATE  
SEAL**

(Treasurer, Assistant Treasurer, or Chief Accounting Officer)

**AFFIDAVIT** (See Instruction 47)

I/we swear (or affirm) that I/we prepared this return for the person named herein and that the return (including its accompanying schedules and statements, if any) is a true, correct, and complete statement of all the information respecting the income tax and/or excess-profits tax liability of the person for whom this return has been prepared of which I/we have any knowledge.

Sworn to and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 193

NOTARIAL  
SEAL

(Signature of officer administering oath)

.....  
(T14)

(Signature of person preparing the return.)

\_\_\_\_\_

(Name of firm or employer, if any)

2-1-2000





I, HAROLD R. WILLIAMS, acting on behalf of Myron Selznick & Company, Inc., 9460 Wilshire Boulevard, Beverly Hills, California as advisor for Motion Picture & Theatrical Industries Limited, affirm that, pursuant to instructions received from Mr. Loyd Wright, 111 West Seventh Street Los Angeles, California, United States attorney for Motion Picture & Theatrical Industries Limited, I have prepared the attached return covering the calendar year 1935 showing a net income of \$113,618.53 and a tax liability of \$19,747.55 on the basis of information furnished by Mr. Loyd Wright without independent verification by me; that the information set out in the return and accompanying schedules correctly and fairly reflects information furnished to or discovered by me during the course of the preparation of the return and that the said information is true, to the best of my information and belief.

Harold R. Williams

Subscribed and sworn to

before me this 10<sup>th</sup>

day of June 1936

1936 mid day

NOTARY

County of Los Angeles

Commission Expires March 30, 1937





MOTION PICTURE & THEATRICAL INDUSTRIES LIMITED  
1935 FEDERAL INCOME AND EXCESS-PROFITS TAX RETURN.

STATEMENT OF INCOME AND EXPENSE

<b>INCOME:</b>		
Paramount Productions, Inc.	\$ 6,000.00	
20th Century Fox Film Corporation	65,000.00	
Metro-Goldwyn-Mayer Studios	<u>119,230.76</u>	\$190,230.76
<b>EXPENSES:</b>		
Salaries paid	\$ 22,419.09	
Agents' commissions	19,021.23	
Legal fees and expenses	3,405.32	
Audit fees	10.00	
Advertising	777.50	
Miscellaneous	<u>51.09</u>	<u>45,612.23</u>
NET INCOME FROM SOURCES WITHIN THE UNITED STATES		<u>\$144,618.53</u>

SCHEDULE OF TAX WITHHELD

Paramount Productions, Inc.	225.00
20th Century-Fox Film Corporation	737.50
Metro-Goldwyn-Mayer Studios	<u>16,811.24</u>
TOTAL	<u>\$18,773.74</u>

Letters of confirmation attached

76





# Twentieth Century-Fox Film Corporation

STUDIOS  
BEVERLY HILLS, CALIFORNIA

June 8, 1936.

Mr. Charles Laughton,  
% Motion Picture & Theatrical  
Industries, Ltd.,  
8152 Sunset Boulevard,  
Hollywood, California.

Dear Sir:                      Re:    Income Tax Withheld  
   Calendar Year 1935

This is to advise you that we have reported to the Collector of Internal Revenue for the Los Angeles District, total salary payments of \$65,000.00 for the calendar Year 1935.

We have also reported Alien Income Tax Withheld on such salary in the amount of \$8,937.50, which sum has since been paid to the Collector of Internal Revenue on your account.

Yours very truly,


TWENTIETH CENTURY-FOX FILM CORP.

By: *L. J. Purcell*  
L.J. Purcell, Auditor.

LJP:f

#9





# METRO-GOLDWYN-MAYER CORPORATION

S T U D I O S  
C U L V E R - C I T Y  
CALIFORNIA

June 8, 1936.

Collector of Internal Revenue  
939 So. Broadway  
Los Angeles, Calif.

Gentlemen:

This is to advise you that during the calendar year, 1935, we paid to the Motion Picture and Theatrical Industries, Ltd. for the services of Charles Laughton, the sum of \$119,250.76 in accordance with the Revenue Act of 1934, withheld 13 3/4 percent, or \$16,394.24.

Yours truly,

METRO-GOLDWYN-MAYER CORPORATION

BY 

Asst. Auditor.

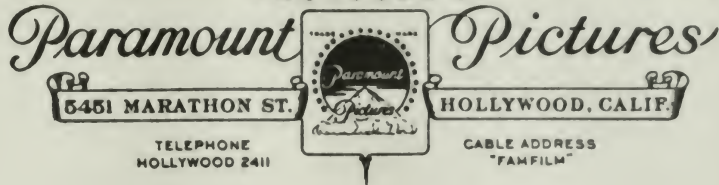
JWF:lh





# PARAMOUNT PRODUCTIONS, INC.

PRODUCER OF



June 5, 1936

OFFICE OF  
A. C. MARTIN  
COMPTROLLER

Collector of Internal Revenue,  
939 South Broadway,  
Los Angeles, Calif.

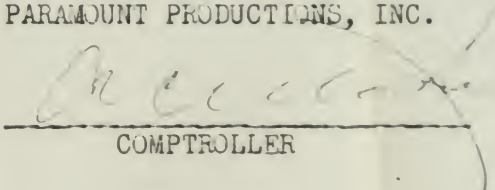
Dear Sir:

This is to certify that during the year 1935 we paid to the Motion Picture and Theatrical Industries, Ltd., for the services of Charles Laughton, the total sum of Six Thousand and no/100 (\$6000.00) Dollars.

In accordance with the laws and regulations pertaining thereto, we have withheld thirteen and three-fourths ( $13\frac{3}{4}\%$ ) per cent of the above amount, to wit: Eight Hundred Twenty-five and no/100 (\$825.00) Dollars, which we guarantee will be paid to the United States Government pursuant to the Revenue Act of 1934.

Yours very truly,

PARAMOUNT PRODUCTIONS, INC.

  
COMPTROLLER

G.

#7





8-5





576133

6th ORIGINAL Cal  
6th Cal  
(Collection district)  
Assessment List, Form No. 98 A

Form 706  
TREASURY DEPARTMENT  
INTERNAL REVENUE SERVICE  
Revised May 1935

RECEIVED  
JUL 25 1935  
COLL. INT. REV.  
LOS ANGELES, CAL.

1935 RETURN  
OF  
CAPITAL-STOCK TAX  
For Year Ending June 30, 1935

FOREIGN CORPORATIONS

(See 701, Revenue Act of 1934, 75d Congress, Public No. 240)

This return must be filed with the Collector of Internal Revenue for your district or Baltimore, Md., on or before July 31, 1935, and the tax must be paid on or before that date.

(To be stamped by Collector, showing District and date received)

(Month) (Year)  
(Paid)  
Examined by: *WCR*

- Name Motion Picture and Theatrical Industries, Limited  
(Print name of corporation, limited-stock company, or association)
  - Address 1125 Board of Trade Bldg., Los Angeles, Calif.  
(Give principal place of business in the United States)
  - Home office located at 6 Talbot House, 88 St. Martins Lane, County of London, England  
(Give street and number, city or town, and country)
  - Nature of business in detail Motion Picture
  - Was a capital-stock tax return filed for the preceding taxable year ended June 30, 1934?        If filed under a different name, state the name        District filed
  - Date of close of last income-tax taxable year ended on or prior to June 30, 1935, or, if newly organized corporation having no income-tax taxable year ended on or prior to June 30, 1935, date of organization
  - Affiliated companies (domestic or foreign) employing capital in the United States
- Corporations making an original declaration of value upon this return must enter the amount of such declared value in item 8.

ORIGINAL DECLARED VALUE OF ENTIRE CAPITAL EMPLOYED IN THE TRANSACTION OF BUSINESS IN THE UNITED STATES AS OF Exemption claimed

Corporations which established their original declared value by the return for the year ended June 30, 1934, must adjust such declared value on page 2 of this return and enter the amount of the adjusted declared value in item 9. (See instructions)

ADJUSTED DECLARED VALUE OF ENTIRE CAPITAL EMPLOYED IN THE TRANSACTION OF BUSINESS IN THE UNITED STATES AS OF        \$       

- Corporations claiming exemption from the tax must indicate the basis of the claim by a check in the appropriate block under item 10 and must furnish the information specifically requested thereunder.
- ☐ Corporation enumerated in section 101, Revenue Act of 1934. (1) State under which subsection exempt
  - ☐ Insurance company subject to tax under section 201, 204, or 207, Revenue Act of 1934. State which section
  - ☒ Corporation not doing business in the United States. (1) Furnish information requested under instructions 17. (2) See instructions 18 with respect to making or adjusting a declaration of value for capital employed in the transaction of business in the United States.

COMPUTATION OF TAX

FOR USE OF TAXPAYER

FOR USE OF DEPARTMENT

- Amount entered in item 8 or item 9
- Tax at rate of 1% for each full \$1,000 in item 11 (omit cents)
- Penalty of 25 percent for delinquency in filing return
- Interest
- Total Tax, Penalty, and Interest

\$		\$	
	Exemption claimed		
	See affidavit		
\$		\$	

I, Lloyd Wright Attorney of the above-named foreign corporation, (Name of official or agent)  
(Sworn to and subscribed before me this 23<sup>rd</sup> day of July, 1935)  
for which this return for capital-stock tax imposed by section 701 of the Revenue Act of 1934 and the Regulations issued thereunder is made, being duly sworn, depose and say that the items entered in the foregoing report, including any statement attached to or accompanying this return, are, to my best knowledge and belief, and from such information as I have been able to obtain, true and correct in each and every particular.

*Anita Barrett*  
(Name)

MOTION PICTURE AND THEATRICAL INDUSTRIES, LIMITED.

By *Lloyd Wright*  
*Attorney-in-fact*

Notary in Fact  
(Official capacity of officer administering oath)  
NOTARY PUBLIC

[SEAL OF OFFICES]  
TAKING AFFIDAVIT

Is and for the County of Los Angeles, State of California



STATE OF CALIFORNIA        )  
                                  ) ss:  
COUNTY OF LOS ANGELES    )

LOYD WRIGHT, being first duly sworn, deposes and says:

That Motion Picture and Theatrical Industries, Limited, is a British corporation organized and existing under and by virtue of the laws of Great Britain; that said corporation, during the taxable year in question, engaged in no activities in the United States whatsoever other than the loaning of the services of Charles Laughton, an actor under contract with this corporation, to certain motion picture producers in the United States, for whose services this corporation received the sum of \$238,370.18, which is the entire income received by this corporation from sources within the United States during said taxable period; that of said sum so received said corporation paid Frank Joyce-Mylon Selznick-Ltd., agents, \$23,837.13, or an equivalent to ten per cent of the gross income, \$32,306.22, to Charles Laughton as compensation and living expenses; that out of said sum of \$238,370.18 there was deducted the sum of \$32,774.48, which sum amounts to the tax paid at source on said income; that in addition to the foregoing, said corporation paid out \$6,312.44 in miscellaneous expenses; that the total payments and disbursements made by said corporation were \$95,230.27.

9.2



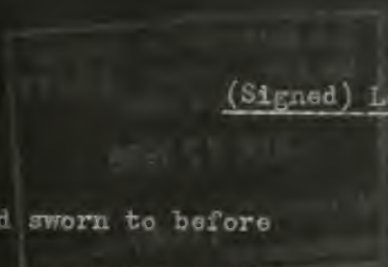


which left a net income to said corporation of \$143,139.91; that of the sum of \$32,306.22 paid to Charles Laughton there was deducted and withheld therefrom the sum of \$1,292.27, or four per cent of the income received by the said Charles Laughton pursuant to the Revenue Act of 1934; that the said Charles Laughton is a subject of Great Britain; that your affiant is the duly authorized agent and representative of Motion Picture and Theatrical Industries, Limited, in the United States of America; that exemption is claimed from any capital stock tax for the year ending June 30, 1935, for the reason that said corporation is not and did not engage in business in the United States during said taxable year; that said corporation, because of the foregoing facts, does not believe it is required to declare an original declared value of its capital stock, for the reason that exemption is claimed from said capital stock tax, and should said corporation be compelled to declare a value upon its capital stock in order to conform to the capital stock tax law, it is the present intention of said corporation to declare none. This declaration is not made for the purpose of placing a valuation on this corporation's capital stock, but is made merely to conform to the capital stock tax act in the event this corporation should be required by law to make a declaration of the value of its capital stock, and this corporation here-

9-3



by reserves the right to change or adjust said declared value at any time in the event it is required to declare the value of its capital stock.

 (Signed) Loyd Wright

Subscribed and sworn to before  
me this 23rd day of July, 1935.

(Signed) Anita Garrett

Notary Public in and for the  
County of Los Angeles,  
State of California.

g-4





U. S. BOARD OF TAX APPEALS	
DIV. 12	NO. 88104
SUBMITTED IN WRITING	
JUN 27 1938	
PETITIONER'S	EXHIBIT 8
RECEIVED	

4-4



4/12/36  
**RETURN TO:** Department of Internal Revenue  
 Washington, D. C.

MT: CST: BHM  
 616133

**ORIGINAL**

**1934 RETURN**  
**OF**  
**CAPITAL-STOCK TAX**

**For Year Ending June 30, 1934**

**FOREIGN CORPORATIONS**

(Sec. 701, Revenue Act of 1934, 76th Congress, Public No. 316)

This return must be filed with the Collector of Internal Revenue for your district or Baltimore, Md., on or before July 31, 1934, and the tax must be paid on or before that date.

(To be stamped by Collector, Showing District and date received)

Assessment List, Form No. 55-A

1. Name **MOTION PICTURE & THEATRICAL INDUSTRIES, LTD.**  
 (Print name of corporation, joint-stock company, or association)  
 2. Address **c/o Lloyd Wright - 111 West 7th Street, Los Angeles, California**  
 (Give principal place of business in the United States)  
 3. Home office located at **6 Talbot House - 98 St. Martin's Lane, London, England**  
 (Give street and number, city or town, and country)  
 4. Nature of business in detail **THEATRICAL**  
 5. Affiliated company or companies

**DECLARATION OF THE VALUE OF THE CAPITAL EMPLOYED IN THE TRANSACTION OF BUSINESS IN THE UNITED STATES**

**IMPORTANT.**—Before declaring a value for the entire capital employed in the transaction of business in the United States, carefully read the instructions below, as a value once declared cannot later be amended.

If you file your income-tax return on a calendar year basis, or would do so if subject to income tax, declare in the space below a value for the entire capital employed in the transaction of business in the United States as of December 31, 1933, which you are willing to have accepted in this and subsequent years, as a basis, subject to statutory adjustments, on which to pay capital-stock tax and excess-profit tax.

If you file your income-tax return on a fiscal year basis, or would so file it, if subject to income tax, declare the value as of the close of such fiscal year.

If your corporation was organized during the year July 1, 1933, to June 30, 1934, both dates inclusive, and if neither the first calendar year nor the first fiscal year for income-tax purposes has ended during the year July 1, 1933, to June 30, 1934, both dates inclusive, declare the value as of the date of organization.

Reconstruction Corporation April 4, 1934

2. **VALUE OF THE ENTIRE CAPITAL EMPLOYED IN THE TRANSACTION OF BUSINESS IN THE UNITED STATES** \$ **1 121 502 55**

\* A specific and unqualified value must be shown in this space. If the capital employed in the United States has no value, insert the word "None."

**(COMPONENTS OF DECLARED CAPITAL (See INSTRUCTION NO. 4))**

7. The value declared under item 6 represents:  
 (a) Capital constantly in the United States \$ **1,121,502.55**  
 (b) Portion of transitory capital allocated to United States business  
 Total (same as item 6) \$

**COMPUTATION OF TAX**

	For Use of Taxpayer	For Use of Department
8. Amount shown in item 6	\$ 1 121 502 55	\$
9. Tax at the rate of 3% for each full \$1,000 in item 8	1 121 00	
10. Penalty of 25 percent for delinquency in filing return		
11. Interest <b>12% per annum 9/29/34 to 8/31/32</b>	123 21	
12. Total tax, penalty and interest	1 283 55	

STATE OF \_\_\_\_\_  
 COUNTY OF \_\_\_\_\_

I, the \_\_\_\_\_ of the United States branch of the above-named foreign corporation, for (Agent, attorney, or other official capacity) which this return for capital-stock tax imposed by section 701 of the Revenue Act of 1934, is made, being duly sworn, depose and say that the items entered in the foregoing report including any statement attached to or accompanying this return are, to my best knowledge and belief, and from such information as I have been able to obtain, true and correct in each and every particular.

Sworn to and subscribed before me this **16th** day of **March**, 1936.

**Unita Barrow**  
 NOTARY PUBLIC

**MOTION PICTURE & THEATRICAL INDUSTRIES, LTD.**

By **Raymond W. [Signature]** Agent  
 (Agent, attorney, or other official capacity)

(SEAL OF OFFICER TAKING AFFIDAVIT)



516133  
 RECEIVED  
 BUREAU OF REVENUE  
 INTERNAL REVENUE SERVICE  
 MAR 30 1935  
 KENTON DEC 20

MT: CST: WBR  
 516133

ORIGINAL  
 6-Cali  
 (Collection Office)  
 Assessment List, Form No. 98

**1935 RETURN**  
 OF  
**CAPITAL-STOCK TAX**  
 For Year Ending June 30, 1935  
**FOREIGN CORPORATIONS**

(Sec. 705, Revenue Act of 1934, 48 Stat. Pub. No. 216)

This return must be filed with the Collector of Internal Revenue for your district or Baltimore, Md., on or before July 31, 1935, and the tax must be paid on or before that date.

Examined by:

(To be completed by Collector, showing District and date received)

1. Name MOTION PICTURE & THEATRICAL INDUSTRIES, LTD.  
(Print name of corporation, joint-stock company, or association)
2. Address c/o Loyd Wright, 111 West 7th Street, Los Angeles, California  
(Give principal place of business in the United States)
3. Home office located at 6 Talbot House, 98 St. Martin's Lane, London, England  
(Give street and number, city or town, and country)
4. Nature of business in detail Theatrical
5. Was a capital-stock tax return filed for the preceding taxable year ended June 30, 1934? Yes. If filed under a different name, state the name Washington D.C.
6. Date of close of last income-tax taxable year ended on or prior to June 30, 1935, or, if newly organized corporation, last income-tax taxable year ended on or prior to June 30, 1934, date of organization December 31, 1934
7. Affiliated companies (domestic or foreign) employing capital in the United States None

Corporations making an original declaration of value upon this return must enter the amount of such declared value in item 8.

**ORIGINAL DECLARED VALUE OF ENTIRE CAPITAL EMPLOYED IN THE TRANSACTION OF BUSINESS IN THE UNITED STATES AS OF** December 31, 1934 \$ 1,168,900.00

Corporations which established their original declared value by the return for the year ended June 30, 1934, must adjust such declared value on page 2 of this return and enter the amount of the adjusted declared value in item 9. (See instructions.)

**ADJUSTED DECLARED VALUE OF ENTIRE CAPITAL EMPLOYED IN THE TRANSACTION OF BUSINESS IN THE UNITED STATES AS OF** December 31, 1934 \$ 1,168,900.00

Corporations claiming exemption from the tax must indicate the basis of the claim by a check in the appropriate block under item 10 and must furnish the information specifically requested thereunder.

10. ☐ Corporation enumerated in section 101, Revenue Act of 1934. (1) State under which subsection exempt.
- (2) Furnish information requested under instructions 14.
- ☐ Insurance company subject to tax under section 201, 204, or 207, Revenue Act of 1934. State which applies.
- ☐ Corporation not doing business in the United States. (1) Furnish information requested under instructions 17. (2) See instructions 18 with respect to making or adjusting a declaration of value for capital employed in the transaction of business in the United States.

COMPUTATION OF TAX	PER USE OF TAXPAYER	FOR USE OF DEPARTMENT
11. Amount entered in item 8 or item 9 <u>\$ 1,168,900.00</u>		
12. Tax at rate of \$1 for each full \$1,000 in item 11 (omit cents) <u>1,168.00</u>	xx	xx
13. Penalty of 25 percent for delinquency in filing return <u>40.98</u>		
14. Interest <u>at 6% per annum from 8/31/35 to 3/31/36</u>		
15. TOTAL TAX, PENALTY, AND INTEREST <u>\$ 1,208.98</u>		

I, Anita Barrett, of the above-named foreign corporation, for which this return for capital-stock tax imposed by section 701 of the Revenue Act of 1934 and the Regulations issued thereunder is made, being duly sworn, depose and say that the items entered in the foregoing report, including any statement attached to or accompanying this return, are, to my best knowledge and belief, and from such information as I have been able to obtain, true and correct in each and every particular.

Sworn to and subscribed before me this 26th day of March 1935

Anita Barrett  
 (Name)  
 NOTARY PUBLIC

MOTION PICTURE & THEATRICAL INDUSTRIES, LTD.  
 By Loyd Wright Agent  
 (Name)

In and for the County of Los Angeles, State of California.  
 (Official capacity of officer administering oath)

[SEAL OF OFFICER]  
 TAKING AFFIDAVIT





The schedule on this page will be filled in only by a corporation making adjustments to an original declared value of the entire capital employed in the transaction of business in the United States as established by the first return for the taxable year ended June 30, 1954. See instructions 4 to 12 inclusive.

**SCHEDULE L—INCREASE OR DECREASE IN GROSS ASSETS EMPLOYED IN THE UNITED STATES**

Statement of Gross Assets in the United States as of the beginning and end of the income-tax taxable year ended ..... 193

	Beginning of year	End of year
Cash	\$ 7,082,469.00	\$ 38,334.77
Notes receivable	1,000,000.00	9,062.68
Accounts receivable	1,000,000.00	
Inventories	1,000,000.00	
Deferred charges	1,000,000.00	
Investments	1,000,000.00	
Real estate	1,000,000.00	
Buildings	1,000,000.00	
Machinery and equipment	1,000,000.00	
Furniture and fixtures	1,000,000.00	
Stocks of subsidiary companies employing capital in the United States	1,000,000.00	
Other assets (describe fully):	1,000,000.00	
Total	\$ 17,397.15	\$ 17,397.15

Increase or decrease in gross assets to be entered as an adjustment on line 2 of schedule III. \$

## SCHEDULE II—CHANGES IN THE TRANSITORY CAPITAL ALLOCATED TO THE UNITED STATES BUSINESS

Statement with full explanation of all changes in the transitory capital during income-tax taxable year ended ..... 195

Increase or decrease in transitory capital to be entered as an adjustment on line 4 of schedule III. 3

**SCHEDULE III.—ADJUSTED DECLARED VALUE OF THE ENTIRE CAPITAL EMPLOYED IN THE TRANSACTION OF BUSINESS IN THE UNITED STATES**

1. Original declared value as established by the first return for the taxable year ended June 30, 1934 .....	\$ 1,121,502.55
2. Increase or decrease in gross assets employed in the United States as entered in schedule I.....	47,357.15
3. Total before adjustment for changes in transitory capital .....	\$ 1,168,900.00
4. Increase or decrease in transitory capital as entered in schedule II.....	None
5. <b>ANNUITIES DECLARED VALUE</b> .....	<b>\$ 1,168,900.00</b>

H



U. S. BOARD OF TAX APPEALS	
DIV <u>12</u>	DOCKET <u>88104</u>
SUBMITTED IN EVIDENCE	
JUN 27 1938	
PETITIONER'S	EXHIBIT <u>9</u>

8-2





# CLAIM

TO BE FILED WITH THE COLLECTOR WHERE ASSESSMENT WAS MADE OR TAX PAID

The Collector will indicate in the block below the kind of claim filed, and fill in the certificate on the reverse side.

- ☐ REFUND OF TAX ILLEGALLY COLLECTED.  
☐ REFUND OF AMOUNT PAID FOR STAMPS UNUSED, OR USED IN ERROR OR EXCESS.  
☐ ABATEMENT OF TAX ASSESSED (not applicable to estate or income taxes).

COLLECTOR'S STAMP
(Date received)
DEC 24 1936

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

RECEIVED  
COLLECTOR OF INTERNAL REVENUE  
DISTRICT OF MARYLAND  
DEC 24 1936

Name of taxpayer or purchaser of stamps Motion Picture and Theatrical Industries, Ltd.

Business address c/o Lloyd Wright, 111 West 7th St., Los Angeles, California

TYPE  
OR  
PRINT

Residence

The deponent, being duly sworn according to law, deposes and says that this statement is made on behalf of the taxpayer named, and that the facts given below are true and complete:

- District to which return (if any) was filed. Baltimore, Maryland
- Period (if for income tax, make separate form for each taxable year) from January 1, 1934 to Dec. 31, 1934
- Character of assessment or tax income tax
- Amount of assessment, \$12,833.33; dates of payment withheld at source in 1934
- Date stamps were purchased from the Government
- Amount to be refunded \$12,833.33
- Amount to be abated (not applicable to income or estate taxes)
- The time within which this claim may be legally filed expires, under Section of the Revenue Act of 1934 on 1936

The deponent verily believes that this claim should be allowed for the following reasons:

The taxpayer has been advised that the Commissioner of Internal Revenue is preparing to assess the income tax on the income reported by the corporation for the year 1934 against Charles Loughton, an individual. This claim is filed solely to protect the right of the taxpayer to a refund of the tax already paid by it amounting to \$12,833.33 should the individual be compelled to pay income tax on the income of and reported by the corporation. This claim is made for \$12,833.33 or such greater amount as can be legally refunded and is not in any manner an agreement or assent to any proposed assessment against the individual.

PHOTOSTAT COPY OF POWER OF ATTORNEY WAS FORWARDED TO BUREAU SEPTEMBER 20, 1935.

(Attach letter also showing if space is not sufficient)

Sworn to and subscribed before me this

Signed By Motion Picture and Theatrical Industries, Ltd.  
Its Attorney-in-fact

9th day of November, 1936

NOTARY PUBLIC

Willa Barrett  
(Signature of officer administering oath)

and for the County of Los Angeles, State of California  
(Title)

(SEE INSTRUCTIONS ON REVERSE SIDE)





4.3

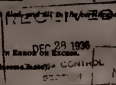


# CLAIM

TO BE FILED WITH THE COLLECTOR WHERE ASSESSMENT WAS MADE ON TAX PAID

The Collector will indicate in the blank below the kind of claim filed, and fill in the amount on the reverse side.

- ☒ REFUND OF TAX ILLEGALLY COLLECTED.  
☐ REFUND OF AMOUNT PAID FOR STAMPS UNUSED, OR USED IN ERROR OR EXCESS.  
☐ ABATEMENT OF TAX ASSESSED (not applicable to estate or income taxes)



COLLECTOR'S STAMP	
(Date received)	
NOV 17 1935	
LOS ANGELES CAL.	

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

Sept. 500000-1935 List

Name of taxpayer or purchaser of stamps Motion Picture and Theatrical Industries, Ltd.

Business address c/o Loyd Wright, 111 West 7th St., Los Angeles, California

TYPE  
OR  
PRINT

☒ Residence

The deponent, being duly sworn according to law, deposes and says that this statement is made on behalf of the taxpayer named, and that the facts given below are true and complete.

- District in which return (if any) was filed 6th California - at Los Angeles 1934
- Period (if for income tax, make separate form for each taxable year) from January 1, 1934 to December 31, 1934
- Character of assessment or tax Income tax withheld and remitted to Collector
- Amount of assessment, \$ 1,640.59; dates of payment Sept. 4 and Dec. 26, 1935
- Date stamps were purchased from the Government
- Amount to be refunded \$ 1,640.59
- Amount to be abated (not applicable to income or estate taxes)
- The time within which this claim may be legally filed expires, under Section \_\_\_\_\_ of the Revenue Act of 19\_\_\_\_, on \_\_\_\_\_, 19\_\_\_\_

The deponent verily believes that this claim should be allowed for the following reasons:

The amount of \$1,640.59 for which this claim is filed represents a remittance to the Collector of Internal Revenue with Form 1042 of tax withheld on the salary paid to Charles Loughton, and a delinquent penalty thereon of \$526.12. Claim for refund is made upon advice that has been received that the Commissioner of Internal Revenue proposes to assess the income tax on the income reported by the corporation against Charles Loughton, an individual taxpayer. Should the individual be compelled to pay income tax on income reported by the corporation, the corporation will have no liability for withholding tax or making payment thereof to the collector. This claim is filed solely to protect the taxpayer's rights and is not in any manner an agreement or assent to the proposed assessment against the individual.

PHOTOSTAT COPY OF POWER OF ATTORNEY WAS FORWARDED TO BUREAU SEPT. 20, 1935.

Sworn to and subscribed before me this

Signed By Motion Picture and Theatrical Industries, Ltd., Its Attorney-in-fact

9th day of November, 1936

NOTARY PUBLIC

Writa Barrett  
(Signature of officer administering oath)

and for the County of Los Angeles, State of California  
(THIS)

SEE INSTRUCTIONS ON REVERSE SIDE





# CERTIFICATE

I certify that an examination of the records of this office shows the following facts as to the assessment and payment of the tax:

Character of assessment and period covered	Lot	Year	Month	Account No. or		Amount assessed	Paid, Abated, or Credited		Pd. Ab. Cr.
				Page	Line		Date	Amount	
1934 Income	IT	1935	Sept.	500000		1,312.47	9/6/35	1,312.47	Paid
			Interest to	9/6/35		21.09	10/17/35	21.09	Paid
Per Comm	23 D.	254	Penalty			328.12	12/27/35	328.12	Paid
						1640.59			
Total,						\$ 1,661.68	Total,	\$ 1,661.68	

Claim No.

I certify that the records of this office show the following facts as to the purchase of stamps:

To Whom Sold or Issued	Kind	Number	Denomination	Date of sale or issue	Amount	If special tax stamp, state:	
						Serial number	Period commencing—

*Hat Hogan*  
Collector of Internal Revenue.

6th Cal  
(District)

COMMITTEE ON CLAIMS

Claim submitted by—  
Claim approved by—  
Chief of Division.

Amount claimed... \$ \_\_\_\_\_

Amount allowed... \$ \_\_\_\_\_

Amount rejected... \$ \_\_\_\_\_

## INSTRUCTIONS

- The claim must set forth in detail and under oath each ground upon which it is made, and facts sufficient to apprise the Commissioner of the exact basis thereof.
- The claim should be sworn to by the taxpayer, if possible. Whenever it is necessary to have the claim executed by an attorney or agent, on behalf of the taxpayer, an authenticated copy of the document specifically authorizing such agent or attorney to sign the claim on behalf of the taxpayer shall accompany the claim. The oath will be administered without charge by any collector, deputy collector, or internal revenue agent.
- If a return is filed by an individual and a refund claim is thereafter filed by a legal representative of the deceased, certified copies of the letters testamentary, letters of administration, or other similar evidence must be annexed to the claim, to show the authority of the executor, administrator, or other fiduciary by whom the claim is filed. If an executor, administrator, guardian, trustee, receiver, or other fiduciary files a return and thereafter refund claim is filed by the same fiduciary, documentary evidence to establish the legal authority of the fiduciary need not accompany the claim, provided a statement is made on the claim showing that the return was filed by the fiduciary and that the latter is still acting.
- Where the taxpayer is a corporation, the claim shall be signed with the corporate name, followed by the signature and title of the officer having authority to sign for the corporation.

1-2



U.S. DEPARTMENT OF JUSTICE  
DIV. 12 CRIMINAL 8814  
JUN 27 1938  
PETITIONER'S EXHIBIT II  
RECEIVED





# CLAIM

TO BE FILED WITH THE COLLECTOR WHERE ASSESSMENT WAS MADE OR TAX PAID

The Collector will indicate in the block below the kind of claim filed, and fill in the certificate on the reverse side.

- ☐ REFUND OF TAX ILLEGALLY COLLECTED.  
☐ REFUND OF AMOUNT PAID FOR STAMPS UNUSED, OR USED IN ERROR OR EXCESS.  
☐ ABATEMENT OF TAX ASSESSED (not applicable to estate or income taxes).

COLLECTOR'S STAMP

(Date received)

RECEIVED

COLLECTOR OF INTERNAL REVENUE  
DISTRICT OF MARYLAND  
JUL 3 1936

BALTIMORE OFFICE

2387499 STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

SS:

1936

CLAIMS CONTROL

Name of taxpayer or purchaser of stamps Motion Picture and Theatrical Industries, Ltd.

Business address 115 Chancery Lane

(Street)

London

England

(City)

Residence

TYPE  
OR  
PRINT

The deponent, being duly sworn according to law, deposes and says that this statement is made on behalf of the taxpayer named, and that the facts given below are true and complete:

1. District in which return (if any) was filed Baltimore, Maryland
2. Period (if for income tax, make separate form for each taxable year) from Jan. 1, 1935 to Dec. 31, 1935
3. Character of assessment or tax income tax
4. Amount of assessment, \$ 19,747.55; date of payment tax withheld
5. Date stamps were purchased from the Government
6. Amount to be refunded \$ 6,409.19 ✓
7. Amount to be abated (not applicable to income or estate taxes)
8. The time within which this claim may be legally filed expires, under Section 322 of the Revenue Act of 1934, on June 15, 1936

The deponent verily believes that this claim should be allowed for the following reasons:

Tax liability per return filed \$19,747.55  
Tax withheld per letters of confirmation  
attached to the return as follows:

Paramount Productions, Inc.  
Twentieth Century Fox Film Corporation  
Metro-Goldwyn-Mayer

825.00  
8,937.50  
16,394.34  
26,156.74

Excess of tax withheld over correct tax liability.....\$ 6,409.19

(Attach letter also showing if space is not sufficient)

Sworn to and subscribed before me this

Signed

X *Robert W. Light*

18th day of June, 1936

(Signature of officer administering oath)

(Title)

(SEE INSTRUCTIONS ON REVERSE SIDE)

8-11724

k-1



U.S. BOARD OF TAX APPEALS

DIV. 12 DOCKET 88104

APPEAL NO. 1201

JUN 27 1938

PETITIONER'S

EXHIBIT 12

~~RESPONDENT'S~~

L. 2



# CLAIM

TO BE FILED WITH THE COLLECTOR WHERE ASSESSMENT WAS MADE OR TAX PAID

The Collector will indicate in the block below the kind of claim filed, and fill in the certificate on the reverse side.

- ☐ REFUND OF TAX ILLEGALLY COLLECTED.  
☐ REFUND OF AMOUNT PAID FOR STAMPS UNUSED, OR USED IN ERROR OR EXCESS.  
☐ ABATEMENT OF TAX ASSESSED (not applicable to estate or income taxes).

COLLECTOR'S STAMP
(Date received)
DEC 22 1935
AL.

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

COLLECTOR OF INTERNAL REVENUE  
DISTRICT OF MARYLAND  
DEC 22 1935

Name of taxpayer or purchaser of stamps Motion Picture and Theatre Industries, Ltd.

Business address c/o Loyd Wright, 111 West Seventh Street, Los Angeles, California

TYPE  
OR  
PRINT

Blockhouse

The depositor, being duly sworn according to law, deposes and says that this statement is made on behalf of the taxpayer named, and that the facts given below are true and complete:

1. District in which return (if any) was filed Baltimore, Maryland
2. Period (if for income tax, make separate form for each taxable year) from January 1, 1935, to December 31, 1935
3. Character of assessment or tax income tax
4. Amount of assessment, \$ 26,156.74; dates of payment withheld at source in 1935
5. Date stamps were purchased from the Government.
6. Amount to be refunded \$ 26,156.74
7. Amount to be abated (not applicable to income or estate taxes) \$
8. The time within which this claim may be legally filed expires, under Section \_\_\_\_\_ of the Revenue Act of 19\_\_\_\_, on \_\_\_\_\_, 19\_\_\_\_.

The depositor verily believes that this claim should be allowed for the following reasons:

The taxpayer has been advised that the Commissioner of Internal Revenue is proposing to assess the income tax on the income reported by the corporation for the year 1935 against Charles Laughton, an individual, disregarding the corporate entity. This claim is filed solely to protect the right of the taxpayer to a refund of the tax already paid by it amounting to \$26,156.74 should the individual be compelled to pay income tax on the income of and reported by the corporation. This claim is made for \$26,156.74 or such greater amount as may be legally refunded and is not in any manner an agreement or assent to any proposed assessment against the individual.

PHOTOSTAT COPY OF POWER OF ATTORNEY WAS FORWARDED TO BUREAU SEPTEMBER 20, 1935.

(Attach letter also claiming if agree to not withdraw)

Sworn to and subscribed before me this

Signed By Ray Wright, Jr.  
Its Attorney-in-fact

9th day of November, 1935

Anita Garret

NOTARY PUBLIC

(Signature of official administering oath)

In and for the County of Los Angeles, State of California

(SEE INSTRUCTIONS ON REVERSE SIDE)

2-11708







77 2



# CLAIM

TO BE FILED WITH THE COLLECTOR WHERE ASSESSMENT WAS MADE OR TAX PAID

The Collector will indicate in the block below the kind of claim filed, and fill in the certificate on the reverse side.

- ☐ REFUND OF TAX ILLEGALLY COLLECTED,  
☐ REFUND OF AMOUNT PAID FOR STAMPS UNUSED, OR USED IN ERROR OR EXCESS,  
☐ ABATEMENT OF TAX ASSESSED (not applicable to estate or income taxes).

COLLECTOR'S STAMP (Date received)
--------------------------------------

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

Name of taxpayer or purchaser of stamps Motion Picture and Theatrical Industries, Ltd.

Business address c/o Lloyd Wright, 111 West 7th St., Los Angeles, California

Residence .....

TYPE  
OR  
PRINT

The deponent, being duly sworn according to law, deposes and says that this statement is true and correct, and that the facts given below are true and complete:

1. District in which return (if any) was filed 9th California at Los Angeles
2. Period (if for income tax, make separate form for each taxable year from July 1, 1933 to June 30, 1934)
3. Character of assessment or tax .....
4. Amount of assessment, \$ \$1,291.58 ; dates of payment Feb 26, 1933 and June 11, 1936
5. Date stamps were purchased from the Government .....
6. Amount to be refunded Including later at and penalties 1,294.58
7. Amount to be abated (not applicable to income or estate taxes) .....
8. The time within which this claim may be legally filed expires, under Section ..... of the Revenue Act of 19 ..... or ....., 19 .....

The deponent verily believes that this claim should be allowed for the following reasons:

The taxpayer has been advised that the Commissioner of Internal Revenue is proposing to assess the income tax on the income reported by the corporation against Charles Laughton, an individual, disregarding the corporate entity. The income of the corporation was a material factor in determining the stated value of its capital stock for purposes of the capital stock tax. Should the individual be compelled to report and pay income tax on the income reported by the corporation and the corporation denied the right to report this income, it is claimed that the corporation will have no liability for the payment of any capital stock tax and is entitled to a refund of all capital stock tax paid together with any and all interest or penalties thereon.

SEAL

(Attach letter class sheets if space is not sufficient)

**MOTION PICTURE AND THEATRICAL INDUSTRIES, LTD.**

Sworn to and subscribed before me this  
9th November 6

Signed By Lloyd Wright  
Its Attorney-in-fact

day of November, 193 6

Anita Garrett

(Signature of officer administering oath)

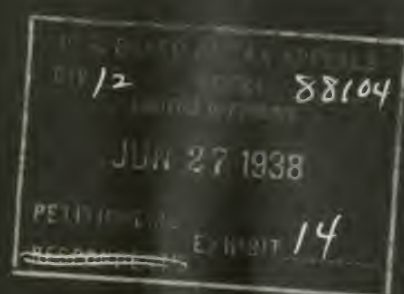
Notary Public  
State of California  
(Title)

(SEE INSTRUCTIONS ON REVERSE SIDE)

9-10704









# CLAIM

TO BE FILED WITH THE COLLECTOR WHERE ASSESSMENT WAS MADE OR TAX PAID

The Collector will indicate in the block below the kind of claim filed, and fill in the certificate on the reverse side.

- ☐ REFUND OF TAX ILLEGALLY COLLECTED.  
☐ REFUND OF AMOUNT PAID FOR STAMPS UNUSED, OR USED IN ERROR OR EXCESS.  
☐ ABATEMENT OF TAX ASSESSED (not applicable to estate or income taxes).

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

COLLECTOR'S STAMP

(Date received)

Name of taxpayer or purchaser of stamps Major Charles L. Loughton, Inc., Los Angeles, Cal.

Business address 5000 Wilshire Blvd., Suite 100, Los Angeles, Cal.

Residence Los Angeles, Cal.

TYPE  
OR  
PRINT

The deponent, being duly sworn according to law, deposes and says that this statement is made on behalf of the taxpayer named and that the facts given below are true and complete.

- District in which return (if any) was filed 6th California at Los Angeles
- Period (if for income tax, make separate form for each taxable year) from July 1, 1934 to June 30, 1935
- Character of assessment or tax Capital stock tax
- Amount of assessment, \$ 1,122.37 Date of payment March 16, 1935 and Jan. 11, 1936
- Date stamps were purchased from the Government including interest and penalties
- Amount to be refunded 1,122.37
- Amount to be abated (not applicable to income or estate taxes)
- The time within which this claim may be legally filed expires, under Section of the Revenue Act of 19

on 19.  
The deponent verily believes that this claim should be allowed for the following reasons.

The taxpayer has been advised that the Commissioner of Internal Revenue is proposing to assess the income tax on the income reported by the corporation against Charles Loughton, an individual, disregarding the corporate entity. The income of the corporation was a material factor in determining the stated value of its capital stock for purposes of the capital stock tax. Should the individual be compelled to report and pay income tax on the income reported by the corporation and the corporation denied the right to report this income, it is claimed that the corporation will have no liability for the payment of any capital stock tax and is entitled to a refund of all capital stock tax paid together with any and all interest or penalties thereon.

SEAL

(Attach letter size sheet if space is not sufficient)

MOTION PICTURE AND THEATRICAL INDUSTRIES, LTD.

Sworn to and subscribed before me this

Signed By

Lloyd Wright

9th

November

6

its Attorney-in-fact

day of 1935

Antia Garrett

NOTARY PUBLIC

(Signature of officer administering oath)

(Title)

(SEE INSTRUCTIONS ON REVERSE SIDE)



U. S. BOARD OF TAX APPEALS  
DIV. 12 DOCKET 88104  
ADMITTED IN EVIDENCE

JUN 27 1938

PETITIONER'S EXHIBIT 15





# CLAIM

TO BE FILED WITH THE COLLECTOR WHERE ASSESSMENT WAS MADE OR TAX PAID

The Collector will indicate in this block below the kind of claim filed, and fill in the certificate on the reverse side.

- ☐ REFUND OF TAX ILLEGALLY COLLECTED.  
☐ REFUND OF AMOUNT PAID FOR STAMPS UNUSED, OR USED IN ERROR OR EXCESS.  
☐ ABATEMENT OF TAX ASSESSED (not applicable to estate or income taxes).

COLLECTOR'S STAMP

(Date received)

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

SS:

Name of taxpayer or purchaser of stamps Motion Picture and Theatrical Industries, Ltd.

Business address c/o Loyd Wright, 111 West Seventh Street, Los Angeles, California

(Street)

(City)

(State)

Residence \_\_\_\_\_

TYPE  
OR  
PRINT

The deponent, being duly sworn according to law, deposes and says that this statement is made on behalf of the taxpayer named, and that the facts given below are true and complete:

1. District in which return (if any) was filed 6th California - at Los Angeles
2. Period (if for income tax, make separate form for each taxable year) from July 1 1935 to June 30 1936
3. Character of assessment or tax Capital stock tax
4. Amount of assessment, \$ 750.00; dates of payment Sept. 28, 1936
5. Date stamps were purchased from the Government \_\_\_\_\_
6. Amount to be refunded \_\_\_\_\_ \$ 750.00
7. Amount to be abated (not applicable to income or estate taxes) \_\_\_\_\_
8. The time within which this claim may be legally filed expires, under Section \_\_\_\_\_ of the Revenue Act of 19\_\_\_\_  
on \_\_\_\_\_ 19\_\_\_\_

The deponent verily believes that this claim should be allowed for the following reasons:

The taxpayer has been advised that the Commissioner of Internal Revenue is proposing to assess the income tax on the income reported by the corporation against Charles Laughman, an individual, disregarding the corporate entity. The income of the corporation was a material factor in determining the stated value of its capital stock for purposes of the capital stock tax. Should the individual be compelled to report and pay income tax on the income reported by the corporation and the corporation denied the right to report this income, it is claimed that the corporation will have no liability for the payment of any capital stock tax and is entitled to a refund of all capital stock tax paid together with any and all interest or penalties thereon.

SEAL

Sworn to and subscribed before me this

Signed.. By

MOTION PICTURE AND THEATRICAL INDUSTRIES, LTD.

Loyd Wright  
Its Attorney-in-fact

9th day of November, 1936

NOTARY PUBLIC

Anita Garrett

(Signature of officer administering oath)

In and for the County of Los Angeles, State of California

(Title)

(SEE INSTRUCTIONS ON REVERSE SIDE)

3-11704



PETITIONER'S EXHIBIT 16

Treasury Department  
Washington

Office of

Commissioner of Internal Revenue

Address Reply to

Commissioner of Internal Revenue

and Refer to

MT:CST:CWC

516133

C1:CST-15643-15644-15645

Jan. 13, 1937.

Motion Picture and Theatrical Industries, Ltd.,

c/o Loyd Wright,

111 West Seventh Street,

Los Angeles, California.

Gentlemen:

Consideration has been given to your claims filed for the refund of \$1,294.58, \$1,220.37, and \$750.00 representing capital stock tax and interest paid for the years ended June 30, 1934, June 30, 1935, and June 30, 1936, respectively.

The claims are based on the contention that the Commissioner of Internal Revenue is proposing to assess the income tax on the income reported by the corporation against Charles Laughton as an individual, disregarding the corporate entity. Therefore, the corporation should have no liability for the payment of any capital stock tax.

The evidence of record discloses that the corporation was organized under the laws of Great Britain on April 30, 1934. Under date of May 4, 1934, Mr. Charles Laughton entered into a contract with Motion Picture and Theatrical Industries, Ltd., under which that company was to have the exclusive right to sublicense and loan his services for a period of five years at a stipulated weekly salary. Under the terms of this agreement the corporation is entitled to all of Mr. Laughton's earnings after the date of the contract. Thereafter the corporation entered into contracts with certain American companies for the services of Mr. Laughton and collected the amounts payable thereunder. It also paid the stipulated salary of Mr. Laughton, agent's commission on the basis of 10 per cent of the gross income, and other miscellaneous expenses. In the year 1934 the gross income under the various contracts from sources within the United States amounted to \$93,333.33, and in 1935 it amounted to \$238,370.18. The corporation also maintained an agent in California for the purpose of conducting its United States business.

The capital stock tax is an excise tax imposed upon foreign corporations with respect to carrying on or doing business within [220] the United States. The tax is imposed upon the exercise of the privilege of doing business in a corporate form. Ordinarily the same activities which would subject a domestic corporation to the tax will also subject a foreign corporation to the tax.



The activities referred to above clearly constitute carrying on or doing business within the United States during the years ended June 30, 1934, June 30, 1935, and June 30, 1936. It is immaterial as far as the capital stock tax is concerned, whether the activities of the corporation result in earnings chargeable to it for income tax purposes, or whether such earnings are considered to be those of its principal stockholder. The status of a foreign corporation for the purpose of capital stock tax is dependent upon its actual activities carried on within the United States. It is also immaterial as to whether the activities carried on by the corporation resulted in profit or gain on its own account. Even though the corporation is held to be the agent of Charles Laughton for income tax purposes and any income earned by it is in fact the income of the principal stockholder, the status of the corporation as far as doing business within the United States for capital stock tax purposes would not be changed.

Your claims for refund are rejected in full.

Respectfully,

GUY T. HELVERING,

Commissioner.

By: D. S. BLISS,

Deputy Commissioner.

cc-Los Angeles, California.

[Endorsed]: Petitioner's Exhibit 16. Admitted in evidence June 27, 1938. [221]

## PETITIONER'S EXHIBIT 17

Treasury Department

Washington

Office of

Commissioner of Internal Revenue

Address Reply to

Commissioner of Internal Revenue

and Refer to

MT:CST:AF

516133

Apr. 1, 1938

Motion Picture and Theatrical Industries, Ltd.,

c/o Loyd Wright,

111 West Seventh Street,

Los Angeles, California.

Gentlemen:

Reference is made to your capital stock tax return, Form 708, filed for the taxable year ended June 30, 1937, and to your claim for exemption from the tax on the ground that your corporation was not carrying on or doing business in the United States within the meaning of the law and regulations during the year under consideration.

Based on the evidence contained in the affidavit of Mr. Loyd Wright, submitted as supporting evidence, your claim for exemption from the capital

stock tax for the taxable year ended June 30, 1937 is allowed.

By direction of the Commissioner.

Respectfully,

D. S. BLISS,

Deputy Commissioner.

cc-Los Angeles, Cal.

[Endorsed]: Petitioner's Exhibit 17. Admitted in evidence June 27, 1938. [222]

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### PETITIONER'S EXHIBIT 18

Great Britain and Northern Ireland.

London, England.

Consulate General of the United States  
of America—ss.

I, James E. Callahan, Vice Consul of the United States of America residing at London, England, do hereby make known and certify to all whom it may concern that Wilfrid Maurice Phillips, who hath signed the annexed certificate, is a notary public duly admitted and sworn and practising in the city of London, England, and that to all acts by him so done full faith and credit are and ought to be given in Judicature and thereout.

In Testimony Whereof, I have hereunto set my hand and affixed my seal of Office at London afore-

said, this first day of June, in the year of our Lord One Thousand Nine Hundred and thirty-eight.

[Seal]

J. E. CALLAHAN,

Vice Consul of the United  
States of America at Lon-  
don, England.

[American Consular Service Stamp \$2] [223]

To all to whom these Presents shall come, I, Wilfrid Maurice Phillips, of the City of London, Notary Public duly admitted and sworn, do hereby certify that the signature, "F. M. Guedalla", subscribed to the annexed Document, is of and in the true and proper hand and handwriting of Florance Montefiore Guedalla to me known and known to me to be a Solicitor of the Supreme Court of Judicature in England and Chairman of Motion Picture and Theatrical Industries Limited, a Company duly incorporated and registered in accordance with English law and having its Registered Office at 115 Chancery Lane in the County of London, England. And I further certify that the signature, "F. Carpenter", also subscribed to the said annexed Document, is of and in the true and proper hand and handwriting of Frank Carpenter, to me known and known to me to be the Secretary of the said Company, And I further certify that the Seal affixed to the said Document is the Common Seal of the said Company. And lastly I certify that such signatures and Seal were so subscribed and affixed on the day of the date hereof in my presence.

In faith and testimony whereof, I have hereunto set my Hand and Seal of Office.

Dated in London this Thirty-first day of May, in the year of our Lord One thousand nine hundred and thirty-eight.

[Seal]

WILFRID M. PHILLIPS,

Not. Pub. [224]

I have had the attached documents, being copies of the Minutes contained in the Minute Book of the Motion Picture & Theatrical Industries Limited (of which I am Chairman) carefully copied and examined by the staff of my office, I being a Solicitor. I myself have checked various copies with the original Minutes to see and have ascertained that these particular copies have been correctly copied, and I am assured by my staff and I believe that all of the attached copy documents are a correct replica of the Minutes contained in the Minute Book of the Company.

The said copy Minutes also include the Minutes of the three Annual General Meetings.

The original Minute Book has to be kept at the registered office of the Company, 115, Chancery Lane, in the City of London, for the every day purposes of the Company, including the access thereto of the Auditors of the Company and for production to Government officials or third parties whenever so required, and it would not be right to allow a Minute Book of this character to leave London, much less to leave the British Isles.



The Seal of Motion Picture & Theatrical Industries Limited has been hereto affixed in the presence of:

[Seal]

F. M. GUEDALLA,

Chairman and Solicitor.

F. CARPENTER,

Secretary.

31st May, 1938

N.B.—Under Section 33 of the Companies' Act, 1929 any document or proceeding requiring verification by the Company may be signed by a Director, Secretary or other authorised official of the Company, and need not be under its Common Seal. [225]

Motion Pictures & Theatrical Industries Ltd.

### MINUTES

of the First Meeting of Directors held at 7, Park Crescent, Portland Place, London, W.1. on Wednesday, the 2nd day of May, 1934, at 12:15 p.m.

Present: Mr. F. M. Guedalla

Mr. F. B. Guedalla

Mr. R. H. Shipley

In attendance: Mr. C. Laughton

1. It was proposed by Mr. R. H. Shipley and seconded by Mr. F. B. Guedalla and it was Chairman.

Resolved that Mr. F. M. Guedalla be appointed Chairman of the Company.

Registration Certificate of Incorporation.

2. The Solicitors reported the Registration of the Company and the Certificate of Incorporation No. 287524 dated 30th April 1934 was produced.

Memorandum and Articles.

A print of the Memorandum and Articles of Association was also produced.

Registered Office.

3. It was proposed by Mr. F. M. Guedalla and seconded by Mr. F. B. Guedalla and it was

Resolved that the Registered Office be situate at 6, Talbot House, 98, St. Martin's Lane, London, W.C.2.

Bankers.

4. It was proposed by Mr. F. M. Guedalla and seconded by Mr. R. H. Shipley and it was

Resolved that a Banking Account for the Company be opened with the Midland Bank Ltd., at their Covent Garden, 20, Bow Street Branch and that the Bank be and is hereby empowered to honour Cheques, Bills of Exchange and Promissory Notes drawn, signed, accepted or made on behalf of the Company by Mr. F. M. Guedalla, or alternatively by any two of the Directors, and in all cases counter-signed by the Secretary, and to act on any instructions given by the persons so authorised with regard to any accounts or transactions [226] of the Company.

Auditors.

5. It was proposed by Mr. F. M. Guedalla and seconded by Mr. Shipley that Messrs. Price Water-

house & Co. of 3, Frederick's Place, Old Jewry, London, E.C.2. be and they are hereby appointed Auditors to the Company at a remuneration to be fixed with them hereafter.

Solicitors.

6. It was proposed by Mr. R. H. Shipley and seconded by Mr. F. B. Guedalla that Messrs. F. M. Guedalla & Co. of Grand Buildings, Northumberland Avenue, London, W.C.2. be and they are hereby appointed Solicitors to the Company.

Secretary.

7. It was proposed by Mr. F. M. Guedalla and seconded by Mr. F. B. Guedalla that Mr. William C. Oswald be and he is hereby appointed Secretary to the Company.

Seal.

8. It was proposed by Mr. F. M. Guedalla and seconded by Mr. R. H. Shipley and it was

Resolved that the seal as produced an impression whereof appears in the margin hereof, be and is hereby adopted as the Common Seal of the Company and that documents requiring the Seal of the Company shall be sealed in the presence of one Director and the Secretary or some other person appointed by the Directors.

(Seal)

Keys of the Seal.

It was further Resolved that the keys of the Seal be in the custody as to one set thereof, of the Chairman, and, as to the other set, of the Secretary.

# Allotment of Shares.

9. It was proposed by Mr. F. M. Guedalla and seconded by Mr. R. H. Shipley and it was

Resolved to allot to the following persons the number of shares set opposite their names:

Francis Basil Guedalla (signatory)	1.
Edith Joseph (signatory)	1.
Florance Montefiore Guedalla	1.
Ronald Harry Shipley	1.

[227]

It was proposed by Mr. F. M. Guedalla and seconded by Mr. R. H. Shipley and it was

Resolved that, the same having been paid in full 5,996 shares of £1 each be allotted to the following persons named in the applications submitted to this Meeting and for the purpose of identification subscribed by the Chairman thereof, and so that the first named joint allottee be allotted the number of shares set opposite his name as hereinafter appears and that notification of such allotment be given to the respective allottees:

Florance Montefiore Guedalla	)	4,000
Ronald Harry Shipley	)	
Ronald Harry Shipley	)	1,000
Edith Joseph	)	
Francis Basil Guedalla	)	500
William Crawford Oswald	)	
Gerald Spyer	)	496
Edith Joseph	)	

### Share Certificates.

10. It was proposed by Mr. F. M. Guedalla and seconded by Mr. R. H. Shipley and it was

Resolved that the seal of the Company be affixed to Share Certificates Numbered 1 to 4 inclusive for 4 shares and to Certificates Numbered 5 to 8 inclusive for 5996 shares.

### Quorum.

11. It was proposed by Mr. F. M. Guedalla and seconded by Mr. R. H. Shipley and it was

Resolved that two Directors shall be the quorum for a Board Meeting.

### Books of the Company.

### Telegraphic Address.

12. It was resolved that the Secretary be instructed to obtain the necessary books etc. for carrying on the Company's business and to attend to the necessary arrangements with the Bank and to make application for a telegraphic address. [228]

### Service Agreement.

13. The matter of a service agreement between the Company and Mr. Charles Laughton was discussed at length and it was resolved to instruct the Solicitors to prepare a Draft Agreement forthwith for the consideration of the Directors and Mr. Laughton tomorrow with a view to completion on the 4th inst.

There being no other business the proceedings then terminated.

(Sgd)

F. M. GUEDALLA

Chairman.



## MINUTES

of the Second Meeting of Directors held at 7, Park Crescent, Portland Place, London, W.1. on Thursday the 3rd May 1934 at 3.0 p.m.

Present: Mr. F. M. Guedalla—Chairman

Mr. F. B. Guedalla

Mr. R. H. Shipley

In attendance: Mr. C. Laughton

Mr. W. C. Oswald—Secretary.

The Minutes of the previous meeting were read, confirmed and signed.

Approval of Service Agreement.

14. The draft Service Agreement between the Company and Mr. Charles Laughton was discussed in detail and finally approved. It was proposed by Mr. F. M. Guedalla and seconded by Mr. R. H. Shipley and it was

Resolved that the same be engrossed and that any two Directors be empowered to sign same on behalf of the Company.

Notice of Assignment to London Film Productions  
Letters re Service Agreement

The Solicitors were requested to write to Myron Selznick-Frank Joyce's Companies in Los Angeles and London, also to Mr. Loyd Wright about carrying the Service Agreement between the Company and Mr. Charles Laughton into effect, and to give notice to London Film Productions of the Assignments of the benefits of any monies arising from

the contracts entered into by Mr. Charles Laughton with the London Film Productions dated [229] the 3rd November 1933 and the 26th February 1934.

Legal Charges.

16. It was proposed by Mr. R. H. Shipley and seconded by Mr. F. B. Guedalla and it was

Resolved that the sum of £250 be paid, to the Company's Solicitors generally on account of their charges and disbursements.

There being no other business the proceedings then terminated.

(Sgd) F. M. GUEDALLA.  
Chairman.

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## MINUTES

of the Third Meeting of Directors held at 7, Park Crescent, Portland Place, London, W.1. on Friday the 4th May 1934 at 10.30 a.m.

Present: Mr. F. M. Guedalla—Chairman  
Mr. F. B. Guedalla  
Mr. R. H. Shipley

In attendance: Mr. C. Laughton  
Mr. W. C. Oswald—Secretary.

The Minutes of the previous meeting were read, confirmed and signed.

Completion of Service Agreement.

17. The engrossments of Mr. Laughton's Service Agreement were produced and completed in dupli-

cate. Mr. F. M. Guedalla and Mr. R. H. Shipley signing on behalf of the Company.

Correspondence Selznick-Joyce and Loyd Wright.

18. Letters to Myron-Selznick-Frank Joyce's Companies and to Mr. Loyd Wright were produced and approved.

Payment to Mr. Charles Laughton.

19. In accordance with Clause 2 of Mr. Laughton's Service Agreement with the Company it was proposed by Mr. F. M. Guedalla and seconded by Mr. R. H. Shipley and it was

Resolved that the Secretary be instructed to pay to Mr. Laughton the sum of £3,900 of which £1,500 be transmitted [230] to the credit of Mr. Laughton at the Bank of America, Hollywood at the expense of the Company.

There being no other business the proceedings then terminated.

(Sgd)                      F. M. GUEDALLA  
Chairman.

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## MINUTES

of the Fourth Meeting of the Directors held at 7, Park Crescent, Portland Place, London, W.1. on Wednesday the 30th May 1934 at 10.30 a.m.

Present—Mr. F. M. Guedalla—Chairman

Mr. F. B. Guedalla

Mr. R. H. Shipley.

In attendance—Mr. W. C. Oswald—Secretary  
Mr. N. R. Jauralde—  
Notary Public.

The Minutes of the previous meeting were read, confirmed and signed.

Power of Attorney in favour of Mr. Loyd Wright and partners in U.S.A.

20. A Power of Attorney in favour of Mr. Loyd Wright or alternatively and successively his partners, in California and the United States of America, was produced and approved. The Seal of the Company was duly affixed and Mr. F. M. Guedalla, Mr. R. H. Shipley and the Secretary signed on behalf of the Company.

Correspondence re the play “Noe”

21. Mr. F. M. Guedalla reported that he had written letters in connection with the rights of the play “Noe” to Andre Obey and Alfred Bloch asking them to delay any action in the matter of disposing of these rights until hearing further from him. He had also written a letter to Mr. Laughton explaining the position and requesting his views on the subject.

There being no other business the proceedings then terminated.

(Sgd)

F. M. GUEDALLA.

Chairman. [231]

## MINUTES

of the Fifth Meeting of the Directors held at 7, Park Crescent, Portland Place, London, W.1. on Friday the 13th July 1934 at 3.0 p.m.

Present: Mr. F. M. Guedalla—Chairman

Mr. F. B. Guedalla

Mr. R. H. Shipley

In attendance: Mr. W. C. Oswald—Secretary

Banking.

22. The Secretary reported that the cash in hand at the Midland Bank, Covent Garden Branch on this day amounted to Five Thousand, four hundred and forty one pounds and six pence (£5,441. 0. 6)

The Secretary was instructed to arrange with the Company's London Bankers to place the sum of Two thousand pounds (£2,000) on Deposit Account. Statement London Film Productions Ltd.

23. The Secretary produced a Letter and Statement of Receipts from London Film Productions Ltd., in connection with the share of receipts in respect of the film "The Private Life of Henry VIII" due to the 20th June 1934.

Agreements Metro-Goldwyn-Mayer Corporation

24. The Draft of an Agreement between Metro-Goldwyn-Mayer Corporation and the Company was produced, and the Board approved the instructions given to Mr. Loyd Wright to execute same on behalf of the Company.

Mr. F. M. Guedalla reported that monies due thereunder had been received by Mr. Loyd Wright



and paid into an account in the name of the Company with the Bank of America, Hollywood.

“Noe”

25. Mr. F. M. Guedalla stated that as Mons. Alfred Bloch had pressed for an answer re “Noe” he had cabled to Mr. Laughton, giving him Mons. Bloch’s proposal and his own personal suggestions varying the terms. Not having received a reply he had again cabled Mr. Loyd Wright and had received an answer to the effect that Mr. Laughton had submitted the play to Mr. Irving Thalberg. [232]

Mr. Guedalla had received a further letter from Mons. Bloch asking for a reply as he was being pressed to settle other offers for “Noe” in the United States of America. Mr. Guedalla had again cabled Mr. Laughton asking for a decision, coupled with a warning that the U.S.A. and English censors might make considerable deletions even if they accepted the play in the English language.

Loan.

26. The Secretary laid before the Board a letter from Mr. F. M. Guedalla, acting under Power of Attorney for Mr. Laughton, asking for a loan of Two thousand five hundred pounds (£2,500) and stating that he would pay whatever interest the Company may reasonably require.

It was proposed by Mr. R. H. Shipley and seconded by Mr. F. B. Guedalla and it was

Resolved that the sum of £2,500 be loaned to Mr. Laughton. Interest to be at the rate of Five per cent. per annum.

The Secretary was instructed to write and inform Mr. F. M. Guedalla as Attorney for Mr. Laughton, and requesting that the rate of interest be confirmed, also that the loan can be called in at any time subject to three months notice.

The Board authorized a cheque for £2,500 payable to Mr. Laughton to be drawn and signed. This cheque was accordingly handed to Mr. F. M. Guedalla.

American Bankers.

27. It was proposed by Mr. F. M. Guedalla, and seconded by Mr. R. H. Shipley, and it was

Resolved that this corporation establish in its name a banking account with the Bank of America National Trust and Savings Association upon such terms and conditions as may be agreed upon with said bank and that the Directors and [233] Mr. Loyd Wright on behalf of this corporation be and they are hereby authorized to establish such an account

That any two of them:—

Florance Montefiore Guedalla—Chairman

and/ or Ronald Harry Shipley—Director

and/or Francis Basil Guedalla—Director

with the counter signature of the Secretary or under Power of Attorney dated 30th May 1934 Mr. Loyd Wright or alternatively and in succession his various partners and/or substitutes on behalf of this corporation be, and they are hereby authorised to withdraw funds of this corporation from the said

account upon cheques of this corporation, signed as provided herein with signature duly certified to said bank by the Secretary of this corporation and said bank is hereby authorised to honour and pay any and all cheques so signed, including those drawn to the individual order of any officer or other person authorised to sign the same, subject that in the case of Directors such cheque needs the signature of two Directors and the counter signature of the Secretary.

(Sgd)

F. M. GUEDALLA.

19/5/36.

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### MINUTES

of the Sixth meeting of the Directors held at 7, Park Crescent, Portland Place, London, W.1. on Friday the 27th July 1934 at 2.30 p.m.

Present: Mr. F. M. Guedalla—Chairman  
Mr. R. H. Shipley

In attendance: Mr. W. C. Oswald—Secretary.  
Metro-Goldwyn-Mayer Contract.

28. The Chairman reported that he had received a cable dated 25th July 1934 from Mr. Loyd Wright, asking the Company to authorise him to execute under his Power of [234] Attorney a new contract with Metro-Goldwyn-Mayer for the services of Mr. Laughton during the next three years.

It was proposed by Mr. F. M. Guedalla and seconded by Mr. R. H. Shipley and

It was Resolved to authorise Mr. Loyd Wright to conclude contract on the terms which the Chairman submitted and

It was further Resolved and Mr. Guedalla stated that he would cable Mr. Loyd Wright accordingly.

“Noe”

29. The Chairman reported that, in consequence of a suggestion from Mr. Loyd Wright, he had submitted the French version of “Noe” to the British Board of Film Censors, and that subsequently he would submit same to the Lord Chamberlain.

Loan.

30. The Secretary laid before the Board a letter received from Mr. F. M. Guedalla, acting under Power of Attorney for Mr. Laughton, confirming the rate of interest and condition of the loan to Mr. Laughton, also that he had reported the transaction to Mr. Laughton and sent him a copy of the letter.

American Bankers.

31. The Secretary reported that in accordance with the Resolution passed at the last Meeting of the Directors the necessary documents had been dispatched for the opening of an account with the Bank of America, Hollywood.

(Sgd)

F. M. GUEDALLA

3/12/34. [235]

## MINUTES

of the Seventh Meeting of Directors held at 7, Park Crescent, London, W.1. on Monday the 3rd December 1934 at 4:15 p.m.

Present: Mr. F. M. Guedalla—Chairman  
Mr. R. H. Shipley  
Mr. F. B. Guedalla

In attendance: Mr. W. C. Oswald—Secretary.

“Noe”.

32. The Secretary reported that negotiations for the rights of the play “Noe” had been dropped.

Statement London Film Productions Ltd.

33. The Secretary produced a letter and statement of receipts from London Film Productions Ltd., in connection with the share of receipts in respect of the film “The Private Life of Henry VIII” due to the 1st October 1934.

Charles Laughton re Salary.

34. In accordance with Mr. Laughton’s Service Agreement it was proposed by Mr. F. M. Guedalla and Seconded by Mr. R. H. Shipley and

It was Resolved that the Secretary be instructed to pay to Mr. Laughton the sum of £750 (Seven hundred and fifty pounds) being five weeks salary due to the 7th December 1934.



Agreements with Paramount Productions Inc. and Metro-Goldwyn-Mayer Corpn.

35. The Chairman laid before the Board Agreements to which were attached Guarantees given by Mr. Laughton, executed by Mr. Loyd Wright, acting on behalf of the Company with the following Corporations:

Paramount Productions Inc. dated 5th July 1934;

Metro Goldwyn Mayer Corpn. dated 6th July 1934;

Metro Goldwyn Mayer Corpn. dated 25th August 1934;

and also two Supplemental Agreements with Metro-Goldwyn-Mayer Corpn. dated 29th August 1934.

Bank Balances.

36. The Secretary reported that the balance in hand at the Company's London Bank amounted to £3,276. 19. 0. at this date. In accordance with a Statement of Account of the Bank of America the balance in hand on the Company's Account amounted to \$41,068.27 at 31st October 1934. [236]

37. [Illegible.]

It was Resolved that a further sum of £250 be paid to the Company's Solicitors generally on account of their charges and disbursements.

Accountancy.

38. It was proposed by Mr. F. M. Guedalla and seconded by Mr. F. B. Guedalla and

It was Resolved that the sum of £70 be paid to Messrs. Oswald & Shipley on account of their charges.

A long discussion followed relative to Income Tax matters.

There being no other business the proceedings then terminated.

(sgd) F. M. GUEDALLA.

30/12/35.

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MINUTES OF ANNUAL GENERAL MEETING  
held on Monday 30th December 1935 at 7 Park  
Crescent, London, W.1. at 4 p.m.

Present: Mr. F. M. Guedalla (Chairman)

Mr. R. H. Shipley F.C.A.

Mr. F. B. Guedalla

In attendance: Mr. R. J. Eagle—Secretary

Short Notice.

Notice of Consent to short notice of meeting signed by all the Shareholders was produced and read.

Annual Accounts.

It was proposed by Mr. F. M. Guedalla and seconded by Mr. R. H. Shipley that the preparation of the Annual Accounts be postponed for the time being.

Re-appointment of Auditors.

It was resolved by Mr. F. M. Guedalla and seconded by Mr. R. H. Shipley that Messrs. Price

Waterhouse & Co. of 3 Frederick's Place, Old Jewry, London, E.C.2. be and they are hereby re-appointed Auditors to the Company at a remuneration to be agreed upon.

There being no other business the meeting then terminated.

Chairman.

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### MINUTES

of the Eighth Meeting of Directors held at 7, Park Crescent, London, W.1. on Monday 30th December 1935 at 3:30 p.m.

Present: Mr. F. M. Guedalla

Mr. R. H. Shipley

Mr. F. B. Guedalla

The Minutes of the previous meeting were read, confirmed and signed by the Chairman.

Resignation of Mr. Oswald.

39. A letter of resignation from the Secretary of the Company, Mr. W. C. Oswald, was produced and accepted by the Board.

Appointment of Mr. Eagle as Secretary.

40. It was resolved that

Mr. R. J. Eagle A.L.A.A. of 98, St. Martin's Lane, W.C.2. be and he is hereby appointed Secretary to the Company.

Secretary to Countersign Cheques.

41. It was resolved that:

Mr. Eagle as Secretary should countersign cheques in substitution for Mr. Oswald, resigned; and that Mr. Shipley [237] inform the Bank to make necessary arrangements.

Mr. Laughton and Stage Appearances.

42. The Solicitors to the Company reported that Mr. Laughton is desirous of availing himself of the privilege of appearing from time to time on the stage and in plays connected with the Company's film activities, if the Company from time to time secure suitable copyright plays from dramatists.

The Chairman to Enter Into Agreements.

43. It was approved that the Chairman should from time to time negotiate and on behalf of the Company enter into agreements when desirable, he agreeing to confer throughout with Mr. Shipley.

The Chairman said that one of the objects of the Company was to produce plays with Mr. Laughton in the leading part.

(Sgd) F. M. GUEDALLA

19/5/36.

## MINUTES

of the Ninth Meeting of Directors held at 7, Park Crescent, London, W.1. on Friday the 24th January 1936 at 10 a.m.

Present: Mr. F. M. Guedalla

Mr. R. H. Shipley

In Attendance: Mr. R. J. Eagle, Secretary.

Agreement Between Mr. Norman Ginsbury and the Company.

44. The Solicitors to the Company produced an Agreement between the Company and Mr. Norman Ginsbury dated the 24th January 1936, providing for the purchase by the Company of the rights in a play provisionally named "The First Gentleman".

This Agreement was approved by the Board and signed on behalf of the Company by Mr. F. M. Guedalla and Mr. R. H. Shipley and the seal of the Company duly affixed. [238]

Keys of the Seal.

45. It was resolved: that the keys of the Company's seal are to be placed in an envelope to be signed across the back by the Chairman of the meeting at which the seal has been used; this envelope to be produced and opened at the next meeting when the seal is required, the same process then being repeated.



Accountants' and Solicitors' Charges.

46. The Accountants and Solicitors to the Company were asked to send in a note of their charges made up to the end of the year.

(Sgd) F. M. GUEDALLA

19/5/36.

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### MINUTES

of the Tenth Meeting of Directors held at 7, Park Crescent, London, W.1. on Monday the 17th day of February 1936 at 3:0 p.m.

Present: Mr. F. M. Guedalla

Mr. R. H. Shipley

In attendance: Mr. R. J. Eagle, Secretary.

The Secretary reported that the below mentioned transfer deeds had been duly executed and registered and the old share certificates cancelled.

Share Transfers.

47. Share No. 1. F. B. Guedalla transferred to F. B. Guedalla and Miss E. Joseph jointly.

Share No. 2. Miss E. Joseph transferred to Miss E. Joseph and F. B. Guedalla jointly.

Share No. 3. F. M. Guedalla transferred to F. M. Guedalla and F. B. Guedalla jointly.

Share No. 4. R. H. Shipley transferred to R. H. Shipley and F. M. Guedalla jointly.

Share No. 7. F. B. Guedalla and W. C. Oswald transferred to F. B. Guedalla and R. J. Eagle. [239]

The Seal of the Company was duly affixed to the new certificates numbered 9 to 13 inclusive.

(Sgd) F. M. GUEDALLA.

19/5/36.

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### MINUTES

of the Eleventh Meeting of Directors held at 7, Park Crescent, London, W.1. on Tuesday the 19th May 1936 at 12:30 p.m.

Present: Mr. F. M. Guedalla

Mr. R. H. Shipley (Retiring Director)

Mr. A. T. Chenhalls (New Director)

In attendance: Mr. Charles Laughton

Mr. F. Carpenter.

The Minutes of the Eighth, Ninth and Tenth Board Meetings were read and signed as correct.

Registered Office.

48. It was resolved that the Registered office be changed from 6, Talbot House, 98 St. Martin's Lane W.C.2. to 115, Chancery Lane, W.C.2.

Secretary.

49. A letter of resignation from the Secretary to the Company, Mr. R. J. Eagle, was produced and accepted by the Board.

It was resolved that Mr. Frank Carpenter of 115, Chancery Lane, W.C.2. be and he is hereby appointed as Secretary of the Company.

Directors.

50. Mr. Shipley tendered to the Board a letter resigning his position as a Director of the Company and his resignation was accepted.

It was resolved that Mr. Alfred Tregear Chenhalls, F.C.A. of 115 Chancery Lane, W.C.2. be and he is hereby appointed a Director of the Company.

Mr. Carpenter was instructed to communicate as necessary with the Bank in connection with the above appointment. [240]

Agreement Between Norman Ginsbury and the Company.

51. It was resolved to exercise the option, provided for in Clause 1 of the Agreement dated 24th January 1936 with Mr. Ginsbury, to extend the period for the commencement of the License to the 30th June 1937, and the Secretary was instructed to take the necessary action.

(Sgd) F. M. GUEDALLA

14/7/36.

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## MINUTES

of the Twelfth Meeting of Directors held at 7, Park Crescent, London, W.1. on Monday the 8th June 1936 at 11:0 a.m.

Present: Mr. F. M. Guedalla

Mr. F. B. Guedalla.

In attendance: Mr. F. Carpenter—Secretary.

Appointment of Alternate Director.

52. The Chairman placed before the Board a letter from Mr. A. T. Chenhalls appointing Mr. Charles Sterne Forsyth, A.C.A. of 115 Chancery Lane, W.C.2. to act as alternate Director during Mr. Chenhalls' absence in America for two months as from the 5th June 1936.

It was resolved that such appointment be and is hereby confirmed.

It was further resolved that Mr. Forsyth should be authorised to sign cheques and other documents in substitution for Mr. Chenhalls and instructed to send his signature to the Bank.

The Secretary was instructed to supply to the Bank a copy of this Resolution to be certified as correct by the Chairman.

Contract of 26th February 1934 with London Film Productions Ltd.

53. The Chairman placed before the Board a letter dated the 4th June 1936 which he had received from Messrs. Linklaters and Paines, his reply thereto dated 5th June 1936 and a further letter from Messrs. Linklaters & Paines dated the 6th June 1936. [241]

The Board decided that the Chairman should confer with Mr. Charles Laughton as to his being Co-Plaintiff and IT WAS RESOLVED to take such proceedings as Messrs. F. M. Guedalla & Co. and/or Counsel should think fit for a declaration of rights

and for damages and such other proceedings for the assertion and protection of the rights of Mr. Charles Laughton and of the Company as the Company's Solicitors and Counsel think fit.

It was further decided that the conduct of such proceedings should be left in the hands of Mr. F. M. Guedalla, who stated that he would confer with his colleagues and with Mr. Charles Laughton as and when necessary.

It was resolved that the Secretary and/or any Director be and he is and/or they are hereby authorised to make Affidavits and/or furnish particulars and discovery on the Company's behalf, and that Messrs. F. M. Guedalla & Co. be instructed to employ and act on the advice of such Counsel as they may think fit.

(Sgd) F. M. GUEDALLA.

14/7/36.

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### MINUTES

of a Meeting of Directors held at 7, Park Crescent, London, W.1. on Tuesday the 14th July 1936.

Present: Mr. F. M. Guedalla

Mr. F. B. Guedalla

Mr. F. Carpenter (Secretary)

The Minutes of the Meetings held on the 19th May and 8th June 1936 were read and confirmed.



Contract of 26th February 1934 with London Film Productions Ltd.

54. The Chairman reported that his firm on behalf of the Company and Mr. Laughton had issued a Writ against London Film Productions Ltd. on the 2nd July 1936 and delivered Statement of Claim on the 10th July 1936, copies of which documents have been supplied to the Secretary. [242]

The Chairman also reported that another action had been instituted by London Film Productions Ltd. which had issued a Writ against this Company and Mr. Laughton on the 7th July 1936.

The Chairman pointed out that the subject matter of the two actions was similar except that London Film Productions Ltd. in its action was demanding an Injunction and possibly was going to move at an early date for an Interlocutory Injunction. The Chairman mentioned that this Company's case was instituted before Mr. Justice Eve and that of London Film Productions Ltd. before Mr. Justice Clauson. The Chairman was considering whether to make an application for consolidation of the two proceedings. Meantime, acting on the instructions of Mr. Laughton, also on his own authority as Chairman of this Company, the Chairman's firm had entered an appearance to the London Film Productions action on the 14th July 1936.

The Board decided that the Chairman should confer at all times with Mr. Laughton as to his being co-Defendant in the proceedings instituted by London Film Productions Ltd.

It was resolved that the Defence of this Company should be conducted in such wise as Messrs. F. M. Guedalla & Co. and/or Counsel should think fit, including, if necessary, any application for consolidation of the two actions or other convenient treatment thereof.

It was further decided that the conduct of all such proceedings should be left in the hands of the Chairman who stated that he would confer with his colleagues and with Mr. Laughton as and when necessary.

It was resolved that the Secretary and/or any Director be and he is and/or they are hereby authorised to make Affidavits and/or furnish particulars and discovery on the Company's behalf and that Messrs. F. M. Guedalla & Co. be instructed to employ and act on the advice of such Counsel as they may think fit.

(Sgd) F. M. GUEDALLA.

31/8/36 [243]

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### MINUTES

of the Meeting of Directors held at the Falmouth Hotel, Falmouth on Monday the 31st August, 1936.

Present: Mr. F. M. Guedalla—Chairman

Mr. A. T. Chenhalls.

The Minutes of the Meeting held on the 14th July, 1936 were read and confirmed.

L.F.P. Litigation.

Mr. Guedalla reported repeated consultations with Mr. Chenhalls in connection with the London Film Productions litigation and that having had the instructions of the Company as well as of his client, Mr. Laughton, after very strenuous arguments he had on behalf of the Company and with the acquiescence of Mr. Laughton come to a settlement of both lawsuits with Messrs. Linklaters & Paines, acting for L.F.P.

He produced the Terms of Settlement for the two lawsuits which had been signed on behalf of all parties by his firm and Messrs. Linklaters (acting for L.F.P.) and he also produced, and it was directed that the same should be executed, the different Agreements to give effect to the said settlement. They included the mutual Release by L.F.P. and this Company of the Agreement of 26th February 1934, and also arrangements whereby United Artists Corporation Ltd. should on behalf of L.F.P. pay certain agreed damages in three different instalments to this Company. The Company was to retain all monies heretofore paid by L.F.P. for the loan of Mr. Laughton's services and L.F.P. by a new Agreement was to hire his services from the Company for the further film which was to be "I Claudius", his role in such film to be completed before the end of the year.

(Sgd)

F. M. GUEDALLA.

8. 9. 36. [244]

## MINUTES

of the Meeting of Directors held at 7, Park Crescent, Portland Place, W.1. on Tuesday, the 8th September 1936.

Present—Mr. F. M. Guedalla—Chairman

Mr. A. T. Chenhalls.

The Minutes of the Meeting held on the 31st August, 1936 were read and confirmed.

Investment of Cash Balance.

Mr. Chenhalls submitted that as the Company's cash at the Bank now stood at £36,000 some means of investment should be considered.

It was suggested that £9,000 be invested in Conversion Loan, £10,000 in Port of London Authority's Stock, and the balance to be put on Deposit Account.

As, however, no Port of London 3½% Stock 1949/99 was on offer in the market, it was resolved that £10,000 be invested in Australia 3¼% Stock 1956/61, and £9,000 in 3½% Conversion Loan, and that Mr. Chenhalls be instructed to carry out the purchase of the investments.

(Sgd)

F. M. GUEDALLA.

28.10.36.



## MINUTES

of the Meeting of Directors held at 7, Park Crescent, Portland Place, W.1. on Wednesday, 28th October, 1936.

Present: Mr. F. M. Guedalla—Chairman

Mr. A. T. Chenhalls.

The Minutes of the Meeting held on the 8th September, 1936 were read and confirmed.

M.G.M.

Mr. Guedalla reported the death of Mr. Thalberg and conferences he had had on the subject with Mr. Loyd Wright's firm as well as with the Company's Agents, Messrs. Myron Selznick, with the result that Mr. Guedalla having considered the M.G.M. contract and denounced it, had so informed Messrs. Myron Selznick, and had requested Mr. Loyd Wright's firm to [245] inform M.G.M.

Mr. Guedalla stated that he had taken this course with the approval of Mr. Laughton. He stated that this course enabled the Company shortly to do hereafter what it had originally been formed and intended to do from the outset, namely having accumulated funds, not only to acquire stories etc. but to participate actively in film production immediately "I Claudius" was finished, L.F.P. being under obligation to complete the shooting of Mr. Laughton's part in "Claudius" by the end of the year, although not yet commenced.

It was recorded that Mr. Laughton was very upset about Mr. Thalberg's death, because he had an



understanding that some of the M.G.M. films in which he was to have performed under Mr. Thalberg's supervision were going to be made in this country, and doubtless if they were so made this Company would have participated in the production activities, as well as lending Mr. Laughton's services: and all these plans accordingly were now frustrated.

(Sgd)

F. M. GUEDALLA

5.11.36.

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### MINUTES

of the Meeting of Directors held at 7 Park Crescent, Portland Place, W.1. on Thursday, 5th November 1936

Present: Mr. F. M. Guedalla—Chairman

Mr. A. T. Chenhalls.

The Minutes of the Meeting held on the 28th October 1936 were read and confirmed.

#### Investments

Mr. Chenhalls reported that the following investments had been offered:—

£9,000 3½% Conversion Stock

£10,000 Australia 3¼% Stock 1956/61. [246]

and £15,000 had been transferred from Current Account to Deposit Account for a period of three months fixed at interest at ½% over London Deposit rate.

Mr. Chenhalls also reported that he had arranged for the purchase of a further £14,000 3½% Conversion Stock, of which £7,000 was due for settlement on the 11th November, out of Current Account and the remaining £7,000 due on 22nd December next out of the Deposit Account.

Appointment of Mr. Van Thal.

It was reported that as from 21st October last Mr. Charles Laughton had on the Company's behalf engaged Mr. Bertie Van Thal to act as a play and script reader for the Company. It was resolved that this engagement be and is hereby confirmed.

(Sgd) F. M. GUEDALLA.

21.12.36.

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### MINUTES

of Annual General Meeting of Company held on Thursday, the 17th December, 1936 at 7 Park Crescent, Portland Place, W.1.

Present: Mr. F. M. Guedalla—Chairman

Mr. F. Basil Guedalla

Mr. A. T. Chenhalls

Attending: Mr. F. Carpenter—Secretary

The Minutes of the previous Annual General Meeting held on the 30th December, 1935 were read and confirmed.

Annual Accounts.

It was resolved that the preparation of the annual accounts be temporarily postponed.

Auditors.

It was resolved that Messrs. Price Waterhouse & Co. be and are hereby re-elected Auditors of the Company for the ensuing year at a fee to be arranged. [247]

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## MINUTES

of the Meeting of Directors held at 7, Park Crescent, Portland Place, W.1. on Monday 21st December 1936

Present: Mr. F. M. Guedalla—Chairman  
Mr. A. T. Chenhalls.

The Minutes of the Meeting held on the 5th November, 1936 were read and confirmed.

Mr. Guedalla reported that he had been having, on behalf of the Company, some tempestuous interviews with Mr. Korda, the Managing Director of L.F.P. He had discussed these matters from time to time with Mr. Chenhalls as well as with Mr. Laughton.

L.F.P. had not even prepared a shooting script of "Claudius", much less started to shoot it, and the question would arise when the Company could start actively on its plans long since under discussion for becoming or being associated with one of the chief British film producers.

The Chairman reported that Mr. Laughton disliked the idea of walking out of "Claudius" and so did the Chairman, having regard to the expenses to

which L.F.P. had already admittedly gone, but Mr. Guedalla, as Chairman of the Company, was insisting that the "Claudius" obligation should not be indefinitely prolonged but be completed as soon as possible, because Mr. Laughton had now met Mr. Pommer, and their two Companies were going to co-operate—Indeed, for sometime past this Company had been employing skilful people to examine and report on likely stories, and much other preparatory work was under weigh.

There had been suggestions that this Company (of which Mr. Guedalla happens also to be Solicitor and Chairman) should combine in some way or other with L.F.P. in the production of a series of great films, but Mr. Korda was so angered at the [248] present moment about different matters and blaming them although nothing to do with Mr. Laughton and Mr. Pommer, nor indeed with other clients of Mr. Guedalla, that it did not look as if there would be any combination with L.F.P. in which event this Company and Mr. Pommer's Company would have to look elsewhere for a big combine to make pictures worthy of Mr. Laughton and Mr. Pommer, when Mr. Pommer would produce Mr. Laughton, but the chief interest in the proposition was that this Company would also be interested in a series of non-Laughton pictures to be produced in due course by Mr. Erich Pommer.

It was also decided more actively than heretofore to acquire stories and to have people to treat them

and write the shooting script, also to engage whenever expedient the services of writers, technicians, actors and actresses, and to do all the necessary preparatory work. Negotiations had already started with Miss Clemence Dane.

Already this Company has secured, or is planning to obtain outright, or by way of option, different rights to stories, and has got various people, technicians or actors or writers willing to associate themselves with the Company.

It was resolved to give the Chairman, and when necessary Mr. Chenhalls, a free hand to do what they thought right in all such matters on behalf and in the interests of the Company, the Chairman reporting that he was constantly seeing Mr. Pommer and Mr. Laughton.

“Peter Pan”

Mr. Guedalla reported that he had obtained a verbal agreement with London Film Productions Ltd. for Mr. Charles Laughton to rehearse and perform in Barrie's play “Peter Pan” from December 26th 1936 to 16th January 1937 and that he had agreed the period of the loan of Mr. Laughton's services under [249] the Agreement dated 31st August 1936 should be extended to 31st March, 1937. Kinemart Ltd.

It was resolved that the Company subscribe for 200 shares of \$10 each in Kinemart Ltd.



A. Bryant.

It was reported to the Company that £100 was due to Mr. Arthur Bryant on account of expenses towards research work carried on for the benefit of the Company, and on the instructions of Mr. Laughton. It was resolved that this account be paid, and that a letter agreement be approved and sent to Mr. Bryant for signature.

Mr. Chenhalls mentioned that it was he who some time ago had, with the Chairman's approval, made the necessary arrangements with Mr. Arthur Bryant, and that Mr. Arthur Bryant was to be paid later on a substantial fee for all the work he was doing. Meantime, Mr. Bryant, who was employing various persons, was sending material along to Mr. Laughton to consider, and this course was approved by the Board.

(Sgd)

F. M. GUEDALLA.

18.1.37

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### MINUTES

of the Meeting of Directors held at 7, Park Crescent, Portland Place, W.1. on Monday the 18th January, 1937.

Present: Mr. F. M. Guedalla—Chairman

Mr. A. T. Chenhalls.

The Minutes of the Meeting held on the 21st December, 1936 were read and confirmed.

Production Co.

The Chairman reported that it was in contemplation at any early date to form a subsidiary Company so as to define the interests of Rosemullion Producers Ltd. (which is Mr. Pommer's Company) with this Company. It was decided to leave all the arrangements in Mr. Guedalla's hands. The directors thought anyhow it was wise to have a separate limited liability company [250] as a department for the production of films and other operations.

The idea was that the new company should start with a substantial cash capital and Rosemullion and this Company would co-operate and aid in every way its film activities so that the new company could go into production as soon as possible after "Claudius" was completed. The Chairman said that the idea was that Mr. Laughton and Mr. Pommer would manage the new company and that Mr. Chenhalls and Mr. Jenks and he should be directors. The idea was approved and it was decided to go ahead with the scheme.

(Sgd)

F. M. GUEDALLA.

4. 2. 37.

### MINUTES

of the Meeting of Directors held at 7, Park Crescent, Portland Place, W.1. on February 4th 1937.

Present: Mr. F. M. Guedalla—Chairman  
Mr. A. T. Chenhalls.

Attending: Mr. F. Carpenter (Secretary)

The Minutes of the Meeting held on the 18th January, 1937 were read and confirmed.

Miss Clemence Dane.

An agreement dated 4th February, 1937 engaging Miss Clemence Dane's services for treating and writing three films between 1st April, 1937 and 31st March, 1938 was laid before the Meeting.

It was resolved that this Agreement be entered into by the Company, and the Company's seal was accordingly affixed thereto.

(Sgd) F. M. GUEDALLA.

2. 3. 37. [251]

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### MINUTES

of the Meeting of Directors held at 7, Park Crescent, Portland Place, W.1. on Tuesday 2nd March, 1937.

Present: Mr. F. M. Guedalla—Chairman  
Mr. A. T. Chenhalls.

Attending: Mr. F. Carpenter (Secretary)

The Minutes of the Meeting held on the 4th February, 1937 were read and confirmed.

Mayflower Pictures Corp. Ltd. & Rosemullion Producers Ltd.

The Chairman formally reported that the Mayflower Pictures Corporation Limited had been formed on the 25th January, 1937: and in accordance with arrangements which had been discussed with Mr. Chenhalls, it was resolved that the Company should subscribe for 60,000 5/- shares in the Mayflower Pictures Corporation Ltd. and accordingly a cheque for £15,000 was drawn in favour of the Mayflower Company.

It was further resolved that an advance of £15,000 be made to Rosemullion Producers Ltd. for the purpose of that Company subscribing its moiety in Mayflower Pictures Corporation Ltd. Mr. Guedalla stated that as Chairman of Rosemullion Producers Ltd. he would arrange for that Company to deposit its 60,000 shares in Mayflower Pictures Corporation Limited as security for the said loan.

He further stated that the loan would run at interest, details of which would be fixed subsequently.

The Chairman reported that there were negotiations afoot whereby the Mayflower Picture Corporation Limited should be actively associated with some other producers so that the necessary cash capital for a series of films could be advanced to the Mayflower Picture Corporation Limited.

(Sgd)

F. M. GUEDALLA.

9. 3. 37. [252]

## MINUTES

of the Meeting of Directors held at 7, Park Crescent, Portland Place, W.1. on Tuesday, 9th March 1937.

Present: Mr. F. M. Guedalla—Chairman

Mr. A. T. Chenhalls.

Attending: Mr. F. Carpenter (Secretary)

The Minutes of the Meeting held on the 2nd March 1937 were read and confirmed.

“Vessel of Wrath”

An agreement dated 6th March, 1937 was laid before the meeting for the purchase of the talking film rights of Mr. Somerset Maugham’s story “The Vessel of Wrath”.

It was resolved that this agreement be entered into and the Company’s seal affixed thereto, and that a cheque be drawn for £1,500 being the first payment due under Clause 9 of the said agreement.

L.F.P.

It was reported that a letter had been received from London Film Productions Ltd. requesting the loan of Mr. Laughton’s services for a further period from 31st March, 1937 to 14th April, 1937 and if necessary up to the 5th May, 1937.

It was resolved to comply with the above request and the Chairman undertook to send a letter of agreement to London Film Productions Limited.

(Sgd)

F. M. GUEDALLA.

7. 4. 37.



## MINUTES

of the Meeting of Directors held at 7, Park Crescent, Portland Place, W.1. on Wednesday the 7th April, 1937.

Present: Mr. F. M. Guedalla—Chairman  
Mr. A. T. Chenhalls.

Attending: Mr. F. Carpenter (Secretary)

The Minutes of the Meeting held on the 9th March, 1937 were read and confirmed. [253]

“The Truth about Mrs. Brown”

An agreement dated 23rd March, 1937 for the purchase by the Company of the talking film rights of Mr. V. S. Pritchett’s story “The Truth about Mrs. Brown” was laid before the Company.

It was resolved that this agreement be entered into and that the Company’s seal be affixed thereto.  
Deposit Account.

It was reported by Mr. Chenhalls that the £7,500 lying on Deposit Account since 21st December, 1936 had been transferred to current account with interest accrued of £16. 8. 9. on 27th March last.

(Sgd)

F. M. GUEDALLA.

5. 5. 37.

## MINUTES

of the Meeting of Directors held at 7, Park Crescent, Portland Place, W.1. on Wednesday the 5th May, 1937.

Present: Mr. F. M. Guedalla—Chairman

Mr. A. T. Chenhalls.

Attending: Mr. Charles Laughton.

Mr. F. Carpenter—Secretary.

The Minutes of the Meeting held on the 7th April, 1937 were read and confirmed.

Broadcast.

An Agreement dated the 5th May 1937 was laid before the Meeting for the loan of Mr. Laughton's services to J. Walter Thomson Ltd. for a broadcast engagement.

It was resolved that this Agreement be signed by Mr. Chenhalls on behalf of the Company.

(Sgd)

F. M. GUEDALLA.

28. 5. 37.

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## MINUTES

of the Meeting of Directors held at 7, Park Crescent Portland Place, W.1. on Friday the 28th May 1937.

Present: Mr. F. M. Guedalla—Chairman

Mr. A. T. Chenhalls.

The Minutes of the Meeting held on the 5th May 1937 were read and confirmed. [254]

L.F.P.

The Chairman wished it to be recorded that, as was well known, L.F.P. as the result of a motor-car accident to Miss Merle Oberon, co-starring in the film "I Claudius" with Mr. Charles Laughton, had abandoned continuation of that production.

(Sgd) F. M. GUEDALLA.

29. 7. 37.

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### MINUTES

of the Meeting of Directors held at 7, Park Crescent Portland Place, W.1. on Thursday 29th July 1937.

Present: Mr. F. M. Guedalla—Chairman  
Mr. A. T. Chenhalls.

The Minutes of the Meeting held on the 28th May 1937, were read and confirmed.

Overdraft.

It was reported that as the directors were of the opinion that it would be inadvisable to disturb the Company's investments, temporary accommodation with the Midland Bank Ltd. would be necessary to meet current expenditure.

It was, therefore, resolved that an application be made to the bank for an allowance of an overdraft of £5,000, and for this purpose, the £23,000 3½% Conversion Stock be charged to the bank as security.

It was resolved that the Directors be authorized to sign the necessary documents under hand instead of under seal.

Loan to Mayflower.

It was further resolved that a request from the Mayflower Pictures Corporation Ltd., for the advance of £3,500 be agreed to and that no interest be charged on this advance.

(Sgd)

F. M. GUEDALLA.

14. 10. 37. [255]

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### MINUTES

of the Meeting of Directors held at the Falmouth Hotel, Falmouth on Saturday 21st August, 1937.

Present: Mr. F. M. Guedalla, Chairman.

Mr. A. T. Chenhalls.

The Chairman reported that definite arrangements had been concluded by himself during July and finally on the 13th August 1937 with Mr. John Maxwell that subject to written agreements being drawn up Associated British Picture Corporation Ltd. was going to invest £20,000 in Preference Shares of the Mayflower Co. subject to joint guarantees of this Company and Rosemullion upon the termination of the relationship, if Associated so wanted, to purchase back these shares at par. Associated was also acquiring 25% interest in the ordinary shares of the Mayflower Co. half of which

would be supplied by this Company and half by the Rosemullion Co. on like terms for repurchase as in the case of the preference shares. The Mayflower was to start by producing three great pictures, the stories for which had been bought and treatments of which were already done by this Company or by Mayflower with money found by this Company.

The Chairman explained the arrangements to which effect would be given when it was decided by the Board that the Chairman was to negotiate and give effect to the necessary contracts so that Associated could guarantee a loan up to £250,000 to be made by the National Provincial Bank Ltd. to the Mayflower Company (this Company not being liable in any way for recoupment) for the production in succession of three great films in which Mr. Laughton was to act the leading male role, for which purpose this Company would have to lend his services, and Mr. Pommer was to be the producer, for which purpose Rosemullion would lend Mr. Pommer's services. This Company took note of the Chairman's directorships and [256] solicitorships of Rosemullion and Mayflower and of course, of his solicitorship of Mr. Pommer and Mr. Laughton. Mr. Chenhalls also had it noted, as was known, that he was Mr. Laughton's Accountant and a director and Accountant of Mayflower.

It was contemplated and approved that there would have to be discussions hereafter between the various Companies and persons.



There would also be a series of non-Laughton films, and if the joint venture proved satisfactory to all concerned, no doubt it would lead to an extension of Agreement and much further and more intimate association together. It was considered that in times like these it was a very satisfactory transaction that the Company with its accumulated funds should now be able to take a prominent part in the British film industry.

Mr. Guedalla reported that it had been agreed that Mr. John Maxwell should become Chairman and of the "Mayflower" Company and that Mr. Jenks, Mr. Chenhalls and he should retire from the Board.

Overdraft.

A Deed of Charge in favour of the Midland Bank Ltd. of the Company's holding of £23,000 31½% Conversion Stock and a transfer of this stock to the said Bank having been signed by Mr. F. M. Guedalla and Mr. A. T. Chenhalls, the transaction was confirmed.

It was reported that owing to the absence of the Secretary, Mr. F. Carpenter on holiday, the Bank had agreed to grant the overdraft on the understanding that he would attach his signature to the said documents immediately on his return.

A copy of the Resolution passed on the 29th July 1937, was also signed by the Directors. [257]

“Vessel of Wrath”.

An assignment of the Agreement dated 6th March 1937, for the purchase of the talking film rights of Mr. Somerset Maugham's story “The Vessel of Wrath” by the Company to the Mayflower Pictures Corporation Ltd. was laid before the meeting.

It was resolved that the assignment be executed and the Company's seal was affixed thereto.

(Sgd) F. M. GUEDALLA.

14/10/37.

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### MINUTES

of the Meeting of Directors held at 7, Park Crescent, Portland Place, W.1. on Thursday 14th October 1937.

Present: Mr. F. M. Guedalla—Chairman

Mr. A. T. Chenhalls.

Attending: Mr. F. Carpenter—Secretary.

The Minutes of the Meetings held on the 29th July and 21st August 1937 were read and confirmed.

“Service Agreement ‘Mayflower’ ”.

An agreement dated 14th October 1937 for the loan of Mr. Charles Laughton's services to the Mayflower Pictures Corporation Ltd. was laid before the meeting.

It was resolved that this agreement be entered into by the Company and accordingly the Company's seal was affixed thereto.

(Sgd) F. M. GUEDALLA.

11/11/37.

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## MINUTES

of the Meeting of Directors held at 7, Park Crescent, Portland Place, W.1. on Thursday 11th November 1937.

Present: Mr. F. M. Guedalla, Chairman.

Mr. A. T. Chenhalls.

The Minutes of the Meeting held on the 14th October 1937 were read and confirmed.

Mr. Guedalla reported the number of agreements giving effect to the association of this Company with the "Mayflower" [258] Company and Rosemullion, as well as with the Associated British Pictures Corporation Ltd. and the National Provincial Bank, and the employment of the services of Mr. Laughton and Mr. Pommer in connection with the "Mayflower" Company, these all being matters constantly under discussion between all the parties, as well as the Directors of this Company, and it was formally recorded that everything that had been done was in order and was approved, without any necessity of recording all the details. Mr. Guedalla however

mentioned that it had been agreed with Mr. Maxwell that he (Mr. Guedalla) should not resign from the "Mayflower" Company but should continue to be a Director, so that the present Directors of the "Mayflower" Company are as follows:

Mr. John Maxwell (the Chairman of Associated British Pictures Corporation Ltd.) Chairman.

Mr. Pommer and Mr. Laughton—Managing Directors.

Mr. Guedalla—an Ordinary Director.

It was noted that as the preparatory work had been well in hand even before Mr. John Maxwell's association with "Mayflower" immediately Mr. Pommer had finished cutting "Vessel of Wrath" with a lay-off of two or three weeks for him, as he needed a rest, and also a necessary lay-off for Mr. Laughton, "St. Martin's Lane" was going immediately to be produced at Elstree. Also there was considerable work well in hand in connection with "Jamaica Inn", which however was going to be a very much more expensive film to be produced, especially as it entails so much location work in Cornwall.

Mr. Guedalla reported that according to his information the figures for "Vessel of Wrath" were turning out very satisfactory and he believed the film was being shot very near, if not up to schedule of shooting time. [259]

It was decided that the Company should stick to its policy (which had been its policy throughout)

never to miss the opportunity of acquiring a good story and having it treated, but it was self understood that preference should be given to "Mayflower" if "Mayflower" wished to acquire the story. After all, except for the interest of Mr. John Maxwell's Company in "Mayflower" this Company, either as subscriber or as mortgagee, was interested in "Mayflower's" success, and if successful, and if this Company, as was hoped would be paid off by Rosemullion what was lent to Rosemullion, it would be sufficiently rewarded for its moiety of interest, subject to Mr. Maxwell's 25%, of the Ordinary Shares.

(Sgd) F. M. GUEDALLA

18/11/37.

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### MINUTES

of the Meeting of Directors held at 7, Park Crescent, Portland Place, W.1. on Thursday 18th November 1937.

Present: Mr. F. M. Guedalla—Chairman

Mr. A. T. Chenhalls.

Attending: Mr. F. Carpenter—Secretary.

The Minutes of the Meeting held on Thursday 11th November 1937 were read and confirmed.

"Accounts".

Audited accounts for the three years ended 30th April 1935, 1936 and 1937 were laid before the Meeting.



It was resolved that these be adopted, and accordingly the accounts were signed by the two Directors. General Meeting.

It was resolved that the Annual General Meeting of the Company be fixed for 1st December next.

(Sgd) F. M. GUEDALLA

30/11/37. [260]

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### MINUTES

of the Meeting of Directors held at 7, Park Crescent, Portland Place, W.1. on Tuesday 30th November 1937.

Present: Mr. F. M. Guedalla—Chairman  
Mr. A. T. Chenhalls.

Attending: Mr. F. Carpenter—Secretary.

The Minutes of the Meeting held on Thursday 18th November 1937 were read and confirmed.

Conversion of Mayflower Shares.

It was reported that in accordance with a resolution passed by the Mayflower Pictures Corporation Ltd. 60,000 Ordinary shares of 5s/- each in Mayflower Pictures Corporation Ltd. were converted into 58,000 Preference shares of 5s/- each and 20,000 Ordinary shares of 1s/- each and further 80,000 Prefs. created and taken by A. B. P. C. Ltd.

Sale of Mayflower Shares.

Further it was resolved in pursuance of arrangements made with the Associated British Picture

Corporation that 2,500 ordinary shares of 1s/- each in the Mayflower Pictures Corporation Ltd. be sold at par to that Company, 2,500 for this Company and 2,500 for Rosemullion of its holding.

(Sgd) F. M. GUEDALLA.

9/12/37.

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### MINUTES

of the Meeting of Directors held at 7, Park Crescent, Portland Place, W.1. on Wednesday 1st December 1937.

Present: Mr. F. M. Guedalla, Chairman

Mr. A. T. Chenhalls.

Attending: Mr. F. Carpenter, Secretary.

The Minutes of the Annual General Meeting held on 1st December 1937 were read and confirmed.

“Down Donkey Row”.

An Agreement dated 15th November 1937 for the purchase of the film rights of Mr. L. Ortzen's story “Down Donkey Row” was laid before the Meeting. It was resolved that this be entered into and accordingly the Company's seal was affixed thereto.

(Sgd) F. M. GUEDALLA.

9/12/37. [261]

MINUTES OF THE ANNUAL GENERAL  
MEETING

held at 115, Chancery Lane, W.C.2. on Wednesday  
1st December 1937.

Present: Mr. F. M. Guedalla—Chairman

Mr. F. Basil Guedalla

Mr. G. D. Spyer

Attending: Mr. F. Carpenter—Secretary.

The Minutes of the Meeting held on Tuesday 30th  
November 1937 were read and confirmed, together  
with those of the 17th December 1936.

Accounts.

Accounts for the three years ended 30th April  
1935, 1936 and 1937, together with the Auditor's  
report, were laid before the Company.

It was resolved that these be adopted by the  
Company.

Auditors.

It was resolved that Messrs. Price Waterhouse &  
Co. be re-elected auditors for the ensuing year at a  
fee to be arranged.

### MINUTES

of Meeting of Directors held at 7, Park Crescent, Portland Place, W.1. on Thursday the 9th December 1937.

Present: Mr. F. M. Guedalla—Chairman  
Mr. A. T. Chenhalls.

Attending: Mr. F. Carpenter (Secretary)

The Minutes of the Meeting held on the 1st December, 1937 were read and confirmed.

Miss Clemence Dane.

An assignment to the Mayflower Pictures Corporation Ltd. of the agreement between the Company and Miss Clemence Dane, dated 4th February, 1937 was laid before the Meeting. It was resolved that this be executed and accordingly the seal of the Company was affixed thereto.

(Sgd) F. M. GUEDALLA.

25/1/38. [262]

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### MINUTES

of the Meeting of Directors held at 7, Park Crescent, Portland Place, W.1. on Tuesday the 25th January, 1938.

Present: Mr. F. M. Guedalla—Chairman  
Mr. A. T. Chenhalls.

Attending: Mr. F. Carpenter (Secretary)

The Minutes of the Meeting held on the 9th December, 1937 were read and confirmed.

“The Eavesdropper”.

An agreement dated 19th January, 1938 between the Company and Messrs. G. H. Moresby Wright and Jerry Verno for the purchase of certain rights in their story “The Eavesdropper”, was laid before the meeting.

It was resolved that this agreement be executed and accordingly the seal of the Company was affixed thereto.

Rosemullion Producers Ltd.

It was reported that Mr. Chenhalls had received a cheque for £374. 6. 6. being interest up to 31st December, 1937 on the advance of £15,000 (as reduced by repayment of £125 on 16th November, 1937) to Rosemullion Producers Ltd.

(Sgd) F. M. GUEDALLA.

5/2/38.

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## MINUTES

of the Directors Meeting held at 7, Park Crescent. Portland Place, W.1. on Saturday the 5th February 1938.

Present: Mr. F. M. Guedalla—Chairman  
Mr. A. T. Chenhalls.

Attending: Mr. F. Carpenter (Secretary).

The Minutes of the Meeting held on the 25th January 1938 were read and confirmed.



### Secretary's Salary.

It was reported and approved that as from December 5th last, Miss Hope Chenhalls, who is paid for secretarial and typewriting services by Mayflower, should be paid by this Company an additional sum of 10/- per week, subject to notice on either side, for services to the Company, it being stated that Mayflower approved.

(Sgd) F. M. GUEDALLA.

2/3/38. [263]

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### MINUTES

of the Directors Meeting held at 7, Park Crescent, Portland Place, W.1. on Wednesday the 2nd March, 1938.

Present: Mr. F. M. Guedalla—Chairman  
Mr. Basil Guedalla.

The Minutes of the Meeting held on the 5th February, were read and confirmed.

The Board considered and approved the execution of a document for registration at Washington, U.S.A. affirming the assignment from the Company to "The Mayflower" Pictures Corporation Limited of the Agreement dated 6th March 1937 made between Mr. Somerset Maugham and the Company, and of all the Company's interest, rights and obligations thereunder.

And it was resolved that Mr. F. M. Guedalla, as a Director of the Company be authorised and em-

powered to sign such document on behalf of the Company.

25/5/38.

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### MINUTES

of a Meeting of Directors held at 7, Park Crescent, Portland Place, W.1. on Wednesday the 25th May, 1938.

Present: Mr. F. M. Guedalla—Chairman  
Mr. A. T. Chenhalls.

Attending: Mr. F. Carpenter—Secretary.

The Minutes of the Meeting held on the 2nd March, 1938 were read and approved.

Directors.

The Secretary placed before the Board a letter from Mr. Basil Guedalla tendering his resignation as a Director of the Company and it was resolved that his resignation be and is hereby accepted.

Mr. F. M. Guedalla lodged his nomination of Mr. Gerald Douglas Spyer to be his alternate Director at any meeting of the Board at which he is unable to be present, and Mr. Chenhalls lodged his nomination of Mr. Charles Sterne Forsyth as his alternate Director for the same purpose.

It was resolved that these nominations be and are hereby approved.

It was further resolved that such alternate Directors should have the power to sign cheques under the same conditions as at present provided for in the case of Directors, and that the Company's bankers be and they are hereby authorised to honour cheques drawn by any two Directors, inclusive of alternate Directors, and countersigned by the Secretary. Mr. Carpenter was instructed to notify all parties as necessary.

(Sgd) F. M. GUEDALLA.

27/5/38.

[Endorsed]: Petitioner's Exhibit 18. Admitted in evidence June 27, 1938. [264]

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RESPONDENT'S EXHIBIT "A"

Frank Joyce-Myron Selznick, Ltd.

Agency

This agency is licensed by the  
Commissioner of Labor of the State of California.

American Play Company, Inc.,  
33 West 42nd Street,  
New York City, N. Y.

May 4, 1932

Frank Joyce-Myron Selznick, Ltd.,  
Equitable Building,  
Hollywood, California.

Gentlemen:

In consideration of your corporation agreeing to represent me as my manager and personal repre-

sentative, your sole duties as such being to render so much of your efforts, time and services as in your opinion may be necessary for the purpose of negotiating for and endeavoring to procure engagements and employment for me in the motion picture and theatrical and vaudeville industries and places of amusement and entertainment generally and in radio broadcasting and television and for phonograph recording and for recording, reproducing and distribution by any and all mechanical means, devices and appliances which now exist or which hereafter may be used, developed or invented, I hereby employ you and agree to employ no one else to so represent me for the term of five years from the date of termination of my present contract with Paramount, or at the date of the possible cancellation of my present contract or any date I receive an adjustment over the present remuneration stipulated in the present aforesaid contract, and I hereby agree that you shall have the sole and exclusive right to sell and dispose of my services as aforesaid during the term above specified and I further agree that regardless of whether or not my services are engaged as a result of your efforts that I will pay you for your said services immediately as and when the same shall be received by me, ten per centum (10%) of all monies either directly and/or indirectly earned and/or received by me for my said services as salary, bonus, percentage, royalty, shares, commission and/or compensation both during the above

terms and after the expiration thereof for so long a period thereafter as I shall continue to be employed upon contracts for my services entered into prior to such expiration and upon renewals of such contracts, options exercised thereunder and upon new contracts entered into by me in substitution and/or replacement of such contracts. You may advertise the fact that you represent me.

I hereby irrevocably authorize and empower you to collect all checks and monies due and payable to me for my services aforesaid, to endorse my name to said checks and to deposit said checks and monies to your bank account, to retain the percentage of my said earnings due you as aforesaid and to pay over the balance to me, hereby irrevocably appointing you my attorney in fact for the aforesaid purposes. This provision is of the essence of this agreement.

[265]

In case you should institute suit against me to recover any portion of the monies to become due hereunder I agree to pay such additional sum as attorneys fees as the Court may adjudge to be reasonable.

No cancellation or waiver of this agreement shall be binding unless it be in writing and signed by both of us.

Your acceptance of this employment shall constitute a binding contract between us to the above effect.



Either of you may delegate the duties to be performed hereunder to the other of you. This contract excludes the legitimate stage.

Very truly yours,  
(Sgd) CHARLES LAUGHTON

Agreed to and accepted:

FRANK JOYCE-MYRON  
SELZNICK, LTD.

(Sgd) MYRON SELZNICK  
President.

(Sgd) FRANK JOYCE  
First Vice-President.  
AMERICAN PLAY COMPANY,  
INC.

By (Sgd) LELAND HAYWARD  
Secretary. [266]

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#### RESPONDENT'S EXHIBIT "B"

Night Cable Letter

December 22, 1933

Frank Joyce

Seljoy

London

Before sailing Charles Laughton told me he could be here by May first next Stop I have arranged to postpone my starting date to coincide with this Stop Please confer with Laughton as I must know definitely and immediately whether or not he will be here for and is still anxious to and is going to play Louis Sixteenth in Marie Antoinette Stop If yes

all matters pertaining to deal including money must be settled on immediately and contract signed Stop Anticipate starting actual shooting May first and a six weeks' schedule but should have Laughton here two weeks earlier for conferences on script and building wardrobe Stop This is sent after conference Myron Volek and myself and they have copy of this cable and are going to cable you direct Merry Christmas.

THALBERG

AGV/fp

Chg. Frank Joyce-Myron Selznick, Ltd.

c/c Messrs. Selznick, Joyce, Hayward,  
McCormick, Deverich, Ham, Mar-  
cus, Townsend, Rockett, Bender,  
Midgley. [267]

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RESPONDENT'S EXHIBIT "C"

Joycel

Jan. 15th, 1934

Beverly Hills

London Cable

Laughton would like to play the father in Barretts of Wimpole Street strong possibility Laughton being available April first (Stop) Important did Universal London office make suggestion Oberon or did Universal Hollywood enquire through London office

SELJOY

CC/Messrs. Selznick, Joyce (MLM)

Ham Simpson File. [268]

## RESPONDENT'S EXHIBIT "D"

D12SFFG-243 CCC MRT

JB London Jan 10 1934

NLT Joysel (Frank Joyce Myron Selznick Ltd  
1275 9460 Wilshire Blvd Bev Hills) (MF)  
BeverlyHillsCalif

Laughton states Thalberg promised send story treatment to old Vic Charlie would like to get some idea of story please airmail same soon possible stop Options at this time out of question as Charlie has too many committments with Thalberg Paramount then two pictures with Korda this year stop Your cable mention thirtyfive thousand beeing my figures to who did I quote them I did not discuss Laughton deal with Irving and quoted no price stop Irving is certainly not a man to tolerate unfairness but he is not treating [269] me fairly in this case stop Charlie is perfectly willing to do this picture and to show his good faith has cancelled all other negotiations and arranged to be available but will not be penalized to the extent of accepting thirtyfive thousand dollars stop Charlie is all at sea over the matter and requests we conduct negotiations normally and get best deal possible and favour Irving solely as he greatly admires Irving also his ability to present him properly stop Charlie must know immediately as he must arrange to get out of last part of Old Vic which will be difficult stop He also states he had a very satisfactory talk with Irving but denies he made any committments as Irving

made none and Irving clearly stated he could possibly [270] wait till February but not till May therefore Irving was not committed stop What is Irvings idea of billing

SELJOY

155AM-11 [271]

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RESPONDENT'S EXHIBIT "E"

Cable London March 6 1934

Joysel

Beverly Hills Calif

Laughton deal closed Thalberg forty thousand Barretts fifty thousand Antoinette Thalberg to arrange Paramount permission stop No extension for Paramount if Laughton idle after Antoinette stop Now can you arrange transportation for three instead of two people either Paramount or Metro to pay stop According one cable from you Thalberg may not wait for Laughton for Barretts in which event Antoinette would start June first if this happens Laughton would like some payment for waiting not advance stop Will make no agency deal stop Schlay deal okay

FRANK

cc: Mr. Selznick

Mr. Volek

Mr. McCormick

Files. [272]

## RESPONDENT'S EXHIBIT "F"

Registered Mail

Return Receipt Requested

March 8th, 1934

Paramount Productions, Inc.

5451 Marathon Street

Hollywood, California

Attention: Mr. Henry Herzbrun

Re: Charles Laughton

Gentlemen:

Please be advised that we, as agent and manager for our client, Charles Laughton, and pursuant to the terms of that certain agreement made the 29th day of March, 1933 between Paramount Productions, Inc. and Charles Laughton, and pursuant to the terms of Article Seventh thereof, and confirming conversations of Tuesday, March 6th and Wednesday, March 7th, with your Mr. Albert A. Kaufman and conversations of Wednesday, March 7th with Messrs. Henry Herzbrun and Jack Karp of your Legal Department, we submit to you herewith, and confirming the aforesaid conversations, formal offer made by Metro-Goldwyn-Mayer Corporation for the services of Charles Laughton for the part of 'Louis XVI' in their forthcoming production, "Marie Antoinette", to be produced by Irving Thalberg.

The starting date of Laughton's services is, as now scheduled, June 15th next and the compensation offered is Fifty Thousand Dollars (\$50,000.00) for twelve (12) consecutive weeks. It is Metro-



Goldwyn-Mayer's intention to co-star Charles Laughton with Miss Norma Shearer.

Although you have advised us that it would not be necessary to file this notice in writing, we would prefer to do so for record purposes.

It is our understanding that your Mr. Kaufman is to give us your decision not later than this coming Saturday in connection with the above picture for Metro-Goldwyn-Mayer, as to whether you will approve Mr. Laughton making this picture for Metro-Goldwyn-Mayer or whether you intend to meet the terms and conditions for a picture for yourselves.

Yours very truly,

FRANK JOYCE-MYRON SELZNICK, LTD.

By A. GEORGE VOLCK

Vice President [273]

AGV/fp

## RESPONDENT'S EXHIBIT "G"

Paramount Productions, Inc.

Producer of

Paramount Pictures

5451 Marathon St. Hollywood, Calif.

Telephone

Cable Address

Hollywood 2411

"Famfilm"

Office of

Henry Herzbrun

Resident Attorney

March 15, 1934

Frank Joyce-Myron Selznick, Ltd.

9460 Wilshire Boulevard,

Los Angeles, California

Re: Charles Laughton

Gentlemen:

Confirming our oral advice to you of today as follows, you are advised that in response to your communication of March 8, 1934, the undersigned Corporation hereby accepts the terms of the offer which Mr. Charles Laughton has received from Metro-Goldwyn-Mayer Corporation as stated in your said communication and as thereby submitted to the undersigned Corporation.

Pursuant to Paragraph SEVENTH of the agreement between the undersigned Corporation and Mr. Laughton dated the 29th day of March, 1933, we will accordingly immediately prepare a contract with respect to such additional motion picture em-

bodying the terms set forth in your communication, to be executed by the undersigned Corporation and Mr. Laughton, as in said paragraph of said agreement between the undersigned Corporation and Mr. Laughton provided.

Yours very truly,

PARAMOUNT PRODUCTIONS, INC.

By (Signed) HENRY HERZBRUN

Assistant Secretary

HH-1a [274]

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RESPONDENT'S EXHIBIT "H"

Copy of Cable Received 20th March 1934.

ZMA2 LX96 NewYork 36 20

NLT Laughton Bury Court Germyn Street London  
Congratulations big shot Paramount has met your  
Metro deal stop We notified Paramount they must  
also meet other than financial terms also stop Will  
keep you informed

FRANK [275]

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RESPONDENT'S EXHIBIT "I"

NLT

April 13 1934

Charles Laughton

London England

Dear Charlie Paramount today agreed you could  
do Barretts and Antoinette provided that at ex-

piration Antoinette you give Paramount period of five months in which to make their picture already contracted for plus one additional picture on same terms as Antoinette namely fifty thousand stop Paramount expects do Cagliostro with Lubitsch if Lubitsch approves story and Kiplings man who would be king if they can make deal with Kipling however Kipling insists he must okeh continuity stop We feel it advisable accept this arrangement stop Believe Paramount will advance ten thousand dollars now if this agreed to also transportation for two stop Thalberg extremely anxious you report quickly as possible and in no event later than May eighth stop Thalberg will guarantee Elsa four weeks at twelve fifty weekly for what he says important part Antoinette stop As this setup would mean you would be tied up on Metro and two Paramount pictures until about February next year am wondering if this agreeable to Korda and would his consent have to be obtained stop Am cabling Votion see you and discuss this whole matter and urge quick reply and if agreeable what is earliest date you could report Thalberg for Barretts Kindest regards

McCORMICK

cc \* Messrs. Selznick, Joyce, Marcus. [276]

RESPONDENT'S EXHIBIT "J"

NLT Cable

April 15, 1934

Charles Laughton

Burycourt Germyn Street

London

Dear Charlie this selling down the river talk astounds me (stop) Have had no deal in office since its inception on which more time has been expended by Volck McCormick and myself than your Paramount Metro complication (stop) Charlie have you forgotten you closed deal over transatlantic phone with Thalberg in presence Eckman for Barretts and Antoinette (stop) You may not consider this a deal but studio emphatically does and have proceeded accordingly in preparing scripts spending considerable money on this assumption (stop) Further Charlie I feel Antoinette such splendid part for you it would be pity give it up (stop) Do you further realize Paramount proceeding on your request for Lubitsch granted extension and put writers to work on Cagliostro after you approved it (stop) Even if Metro deals could be kicked over and you reported Paramount in May this would mean rushing some script together with possibility mediocre director and may be another white woman (stop) After all Charlie your contract does not give you approval story director or script and Paramount would be within their rights to indefinitely suspend you should you refuse go ahead with whatever they selected and enjoin you from working



for any other company (stop) Assure you we have done every possible thing protect your interests and try work this out your best advantage and to get you assignments you asked for despite fact we have actually jeopardized our personal relationship with both studios over this whole matter (stop) Further you must realize that your seven picture limit deal with Korda makes whole situation even more difficult (stop) Have notified David Selznick you not interested Copperfield (stop) Please show this Votion discuss it from all angles but keep in mind your contractual obligations then cable us exactly how you want to proceed so we can close this matter up because you must bear in mind that Barretts is now in production cast engaged and you will have to decide immediately your attitude on this stop Love Elsa yourself

MYRON

cc Messrs. Joyce (MLM), Deverich, Midgley, Marcus. [277]

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RESPONDENT'S EXHIBIT "K"

NLC.

April 17, 1934

Charles Laughton

Burycourt

Germyn Street

London England

Dear Charles Laughton as per your desires have arranged with Mister Zukor for you to do Barretts

and Antoinette without additional picture for Paramount except contract one the date for Paramount picture to be arranged at mutually agreeable time stop Have noted your request to Selznick on Barretts but unfortunately cannot comply with that now as have accepted your commitment as final and obligated myself to Zukor and others on your own desire to play part in which I am positive you will be splendid stop Part will run only short time and can arragne to give you as much rest as you desire between Barretts and Antoinette will appreciate your confirming by cable so that there are no further misunderstandings following commitments Barretts starting May eighth followed by Antoinette which will start no sooner than four weeks after completion Barretts or up to eight weeks if you request stop Kindest regards

IRVING THALBERG

c.c. Mr. McCormick, File. [278]

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RESPONDENT'S EXHIBIT "L"

Night Letter Cable

April 24th, 1934.

Seljoy

London

We understand from Thalberg Laughton sailing May fifth Berengenia please confirm (stop) How was transportation handled regards

JOYSEL

cc-Messrs. Selznick, Joyce, McCormick. [279]

## RESPONDENT'S EXHIBIT "M"

April 30th, 1934

Mr. McCormick

Charles Laughton

We have cabled today as follows:

"Thalberg says imperative Laughton sail Berengaria otherwise picture will be held up".

SIG MARCUS

Executive Office

SM:bb

cc-Miss Mobley [280]

## RESPONDENT'S EXHIBIT "N"

1934 Apr 14 PM 9 43

FD219 209 CCC 1/50

London 14 Nft

Nlt Joysel

(Frank Joyce-Myron Selznick Ltd., 9460 Wilshire Blvd.)-(EB)

BeverlyHillsCalif

Tell McCormick Laughton nightlettered Thalberg as follows quote this suggested arrangement whereby in order to do Barretts and Antoinette I am obligated to give Paramount another picture at same terms as Antoinette is impossible stop For one thing it prevents me from meeting my obligation to Korda [281] as I must make a film for him this year and for another thing it further postpones my realizing my market value to a still later date also as you know I have very good reasons for not want-

ing to do any further pictures for Paramount stop  
As when I [282] agreed to the postponement of my  
starting date of my last picture with Paramount I  
had already understood from you on the telephone  
you had settled the matter my only course of action  
seems to be to revoke my agreement to that post-  
ponement hold myself available for them May  
eighth [283] and get their contract over with stop  
It seems to me the only alternative is to forget  
Barretts and do Antoinette if there are no condi-  
tions from Paramount for that unquote stop Laugh-  
ton arrived at above decision after lengthy discus-  
sion please try cable urgent everything in order  
furthermore if Barretts definitely out suggest Sir  
Cedric Hardwick for this

SELJOY. [284]

Copies—Messrs. Selznick, Joyce (MLM), Marcus,  
Herzbrun, McCormick.

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Frank Joyce-Myron Selznick, Ltd.  
& Leland Hayward, Inc.

#### INTER-OFFICE COMMUNICATION

To: Mr. Myron Selznick

Subject: Charles Laughton

Date 5/14/34

Starting at MGM in "Barretts of Wimpole Street"  
on May 15, 1934, at \$8,000.00 per week.

Guarantee, 5 weeks guarantee for total of \$40,-  
000.00—pro-rata thereafter.

LOVETT

(initialled) [285]

## RESPONDENT'S EXHIBIT "P"

Frank Joyce-Myron Selznick, Ltd.

Inter-Office Communication

To: Messrs. McCormick, Deverich, Ham, Townsend,  
Bender, Simpson.

Date May 15th, 1934.

Subject: Charles Laughton

We have been advised that Mr. Charles Laughton has entered into a contract with an English Corporation known as Motion Picture & Theatrical Industries Ltd., in accordance with which Mr. Laughton is required to render his services exclusively to that Corporation.

The aforesaid Corporation will lend the services of Mr. Laughton to motion picture producers here and contracts for Laughton's services must be signed by the Corporation or by their Power-of-Attorney, Mr. Loyd Wright.

The directors of the Corporation are:

Mr. Florance Montefiore Guedalla,

Mr. Ronald Harry Shipley,

Mr. Francis Basil Guedalla,

and the Secretary is:

Mr. William C. Oswald.

Their address is:

6 Talbot House,

98 St. Martins' Lane,

London.

Their cable address is Guedalla, London.



Any monies we collect for Laughton should be paid to the Corporation's account at the Bank of America, although this brings up a difficulty in that the producer here will probably make its checks payable to the Corporation from whom they borrow Laughton, consequently, our Power-of-Attorney will not permit us to negotiate such checks. However, we are advised that Laughton's Corporation will instruct the Bank of America to pay our commissions over to us should this be necessary.

The Laughton Corporation requires that no contract be made for Laughton before its principal terms have been accepted by the Corporation.

Mr. Loyd Wright has received copies of the Articles of Incorporation of the Corporation in the event any producers or any local bank requires to see the same.

SIG MARCUS

Executive Office

SM:f

cc to Messrs. Selznick, Joyce,

Hayward, Lovett, Midgley. [286]

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RESPONDENT'S EXHIBIT "Q"

May 18th, 1934

Nite Letter Cable

Seljoy

London

Laughton signed exclusive contract with corporation called Motion Picture and Theatrical Industries Limited in accordance with which all studio employ-

ment contracts must be drawn between studio and above corporation (Stop) Consequently Laughtons checks will be made payable to said corporation which will prevent us from using our power attorney to deduct commissions unless we have separate power attorney signed by said corporation (Stop) They advise however they agreeable instruct Bank America pay us our percentage direct (Stop) Contact immediately Guedalla Company Grand Buildings Trafalgar Square who are directors Laughtons corporation and arrange they instruct Bank America immediately pay us commissions on Laughton salary checks as deposited. Advise. Regards.

JOYSEL

SM:bb

cc Messrs. Selznick, Joyce, Hayward,  
McCormick, Accounting Department. [287]

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RESPONDENT'S EXHIBIT "R"

The Clift  
Geary at Taylor St.  
San Francisco  
Air Mail SS "Normandie"  
July 10, 1936.

Charles Laughton, Esq.,  
34 Gordon Square,  
London, W.C.L., England.

Dear Charles:

The following is the position. I saw Loyd Wright for the last time Wednesday night.

I put up several propositions to Irving Thalberg's attorneys, but the one I aimed at getting through is based on one of your own. It is that Irving Thalberg agrees to take up all three years' options at once, i.e., that you definitely have seven pictures to do with him. That the total *renumeration* under your M.G.M. agreement should be added up, divided by seven, fixing an annual sum PAYABLE OVER SEVEN YEARS. That this annual sum should then be divided by 52, fixing the amount you are to receive every week as from the signing of a new contract.

My suggestion is that the new contract should be made by the London Subsidiary of M.G.M. with you personally (instead of M.G.M., Culver City, with Motion Pictures Ltd.). That is to say you would be on the payroll of M.G.M., London for seven years in respect of making seven pictures during 1937, 1938 and 1939. I put it to Thalberg three of these seven pictures should be made by you and him in England. I gained the impression from him that he is not only willing but keen to come to England on such a basis. From the tax standpoint it would be an advantage, as I am of the opinion that for American taxes you could be assessed only on those weeks' *renumeration* you spend working on the other four films to be [288] made in America. This is the most important of the tax points and Loyd Wright and his income tax assistant, Green, are in agreement with me.

On the other hand, Loeb, Thalberg's attorney, says he must obtain the opinion of counsel in Washington and this he will not be able to do until next month.

If these ideas commend themselves to you and then go through on these lines, there are obviously several other points to be brought up. For instance:

- (1) I suggested to *Thalberg* that you might make even more than the seven pictures you had contracted to do.
- (2) If so, Myron Selznick will be *wating* to get you for such extra pictures at much higher remuneration. (I saw Harry Ham on this.)
- (3) The idea of making a contract with you instead of your Company is warmly welcomed by Loeb, who hates all these companies, and if they make this a condition, and I am against the company because it costs extra American taxes, the question arises as to whether your company is worth keeping in existence at all.
- (4) Factors like the payment by M.G.M. direct of *you* commission to Myron Selznick will have to be covered.
- (5) A most important point is what liberty you are to enjoy for making outside pictures &c. during the three years. This is a matter primarily for Myron Selznick, but I am mentioning it to you now as you will be more up to date re Korda, your own and



his future. You will know better the time Thalberg is likely to take to make seven pictures; the other plans you have in mind &c.

I wish I could write as enthusiastically on the past. [289]

My calculation of the American income tax you owe to date is \$58,000. This is based on the assumption (with which Green agrees) that your setup for American tax purposes will go down all along the line. The American tax bases and rates just imposed are much worse than ever and I took advantage of being with Loyd Wright to get on with clearing the Bank balance out of California, which he has recommended in a dozen letters. At the last moment, however, he was of the opinion that about \$50,000 should be left here to cover this anticipated income tax claim, but I do not think he would object if I brought that over too provided it was specifically invested so that he could have it back to meet the tax when it *crystalizes* next year. Towards claiming every possible expense, I suggested settling every bill which the company owes to date, drawing checks on the American account even for amounts which at this particular moment have to be estimated. (Such then being allowed against both American and English taxes.) They include checks drawn to settle the fees and disbursements of Loyd Wright, Shipley, Guedalla and myself, but as Loyd Wright was set-



tled to the beginning of this year; Guedalla has had, I believe, something on account, and I certainly have (Elsa paid me £200) I will make a general sort-out on my return.

I have accordingly stipulated that none of these checks are to be presented unless and until they are okayed by you and Guedalla, but I insisted on their being drawn as the correspondence is full of Loyd Wright making suggestions, the carrying out of which has been deferred and deferred. The check for balance investment out of America will be £8000 (or, with tax reserve, £18,000).

While I was about it, I read the whole of the correspondence, Loyd Wright's and Myron Selznick's and [290] also inspected Laird's books. I will tell you about these on my return, so as not to make this letter any longer.

I return to England by S.S. "Empress of Britain" leaving Quebec three weeks hence.

All the best to you and Elsa,

Yours,

(Sgd) ALFRED C.

[Endorsed]: Respondent's Exhibit "R". Admitted in evidence June 27, 1938. [291]

In the United States Circuit Court of Appeals for  
the Ninth Circuit

B.T.A. Docket 88104

GUY T. HELVERING,

Commissioner of Internal Revenue,

Petitioner on Review,

v.

CHARLES LAUGHTON,

Respondent on Review.

### STATEMENT OF POINTS

Comes now the petitioner above-named by Samuel O. Clark, Jr., Assistant Attorney General of the United States, his attorney, and complying with the rules of this Court submits the following statement of points upon which petitioner relies in this case:

The United States Board of Tax Appeals erred—

1. In holding that there are deficiencies in income tax for the years 1934 and 1935 in the respective amounts of only \$289.66 and \$264.22.

2. In failing to hold that there are deficiencies in income tax for the years 1934 and 1935 in the respective amounts of \$23,160.03 and \$81,270.24.

3. In holding that Motion Picture and Theatrical Industries, Ltd., is an entity separate and apart from the taxpayer.

4. In holding that the corporate entity of Motion Picture and Theatrical Industries, Ltd., must be recognized.

5. In holding that the amounts paid by Metro-

Goldwyn-Mayer Corporation, Paramount Productions, Inc., and Twentieth Century Pictures, Inc., for taxpayer's services were income of Motion Picture and Theatrical Industries, Ltd., and not taxable to taxpayer.

6. In failing to hold that on the facts an exceptional situation is here presented where the recognition of the corporate entity of Motion Picture and Theatrical Industries, Ltd., presents an obstacle to the due protection and enforcement of public rights.

[292]

7. In failing to hold that the amounts paid by Metro-Goldwyn-Mayer Corporation, Paramount Productions, Inc., and Twentieth Century Pictures, Inc., for taxpayer's services are taxable to him.

8. In failing to hold that the arrangement between the taxpayer, Motion Picture and Theatrical Industries, Ltd., and Metro-Goldwyn-Mayer Corporation, Paramount Productions, Inc., and Twentieth Century Pictures, Inc., was an anticipatory arrangement designed to prevent the amounts paid for taxpayer's services from vesting immediately in taxpayer.

9. In failing to hold that the purpose of Congress to tax payments for services to the party performing such services cannot be frustrated by such anticipatory arrangement whether it be designated a transfer of future income or future services.

10. In failing to hold that the personal earnings of the taxpayer are taxable in their entirety to him.

11. In failing to hold that the amounts paid

by Metro-Goldwyn-Mayer Corporation, Paramount Productions, Inc., and Twentieth Century Pictures, Inc., for taxpayer's services represented compensation for personal service taxable to him.

12. In failing to hold that the amounts paid by Metro-Goldwyn-Mayer Corporation, Paramount Productions, Inc., and Twentieth Century Pictures, Inc., for taxpayer's services are taxable to the taxpayer under Section 45 of the Revenue Act of 1934.

13. In holding that Motion Picture and Theatrical Industries, Ltd., was formed for a business purpose.

14. In failing to hold that Motion Picture and Theatrical Industries, Ltd., was not formed for a business purpose. [293]

15. In failing to hold that Motion Picture and Theatrical Industries, Ltd., did not serve a business purpose in connection with the income received during the taxable years in question.

16. In that its decision was not supported by the evidence and is contrary to law.

Respectfully submitted,

(Signed) SAMUEL O. CLARK, JR.

Assistant Attorney General,

Attorney for Petitioner.

Service of a copy of the above statement of points is hereby acknowledged this 23rd day of December.

(Signed) JOHN B. MILLIKEN

Attorney for Respondent.

[Endorsed]: U.S.B.T.A. Filed Dec. 27, 1939.

[294]



In the United States Circuit Court of Appeals  
for the Ninth Circuit

[Title of Cause.]

MOTION TO TRANSMIT EXHIBITS  
PHYSICALLY

To the Honorable Judges of the United States  
Circuit Court of Appeals for the Ninth Circuit:

Now Comes the petitioner on review by his attorneys, Samuel O. Clark, Jr., Assistant Attorney General, and J. P. Wenchel, Chief Counsel, Bureau of Internal Revenue, and

Moves the Court to order that Exhibits B and C attached to the Stipulation of facts, which exhibits are to be specified in the designation of contents of record, need not be printed in the record on review, and the Clerk of the United States Board of Tax Appeals be directed to transmit the originals of said exhibits, to the Clerk of this court, to be produced at the hearing of this cause for the benefit of the court and counsel; and further moves the court to order that the Clerk of this court transmit a certified copy of this order to the Clerk of the Board of Tax Appeals.

And For cause of this motion, petitioner on review says that Exhibit B attached to the stipulation of facts is a printed copy of the [295] British Companies Act, 1929, consisting of 313 pages; that Exhibit C attached to the stipulation of facts is a printed copy of Memorandum and Articles of Asso-



ciation of Motion Picture and Theatrical Industries, Limited, containing 44 pages; and that these exhibits would be quite expensive to print or to reproduce and their inclusion in the printed record on review would result in considerable unnecessary expense, and the purpose of these exhibits would appear to be served by their transmission in physical form.

Wherefore, it is prayed that this motion be granted.

(s) SAMUEL O. CLARK, Jr.,  
Assistant Attorney General.  
(s) J. P. WENCHEL,  
Chief Counsel,  
Bureau of Internal Revenue.

No objection:

(s) JOHN B. MILLIKEN,  
(s) HERSCHEL B. GREEN,  
(s) HARRIET GEARY  
Counsel for Respondent on Review.

So Ordered:

FRANCIS A. GARRECHT,  
U. S. Circuit Judge.

[Endorsed]: Filed: December 19, 1939. Paul P. O'Brien, Clerk.

A True Copy:

Attest: December 19, 1939.

[Seal] (s) PAUL P. O'BRIEN.  
Clerk.

[Endorsed]: U.S.B.T.A. Filed Dec. 26, 1939.

In the United States Circuit Court of Appeals  
for the Ninth Circuit

[Title of Cause.]

DESIGNATION OF CONTENTS OF RECORD.

To the Clerk of the United States Board of Tax  
Appeals:

Now Comes Guy T. Helvering, Commissioner of Internal Revenue, the petitioner on review herein, by and through his attorneys, Samuel O. Clark, Jr., Assistant Attorney General, and J. P. Wenchel, Chief Counsel, Bureau of Internal Revenue, and for the purpose of the review which he, the said petitioner on review, has heretofore taken to the United States Circuit Court of Appeals for the Ninth Circuit, hereby designates for inclusion in the record on review the following:

1. Docket entries.
2. Pleadings
  - (a) Amended Petition
  - (b) Answer to Amended Petition
3. Findings of fact, opinion, and decision of the Board.
4. Petition for Review together with notices of filing thereof.
5. Statement of Evidence, including taxpayer's exhibits 1 to 18, inclusive, and Commissioner's exhibits A to R, inclusive; and including Stipulation of Facts together with exhibits A to L, inclusive. Said exhibits B and C attached to the Stipulation of Facts are

to be transmitted in physical form pursuant to order of Court. [297]

6. Said Court Order.

7. This designation.

Wherefore, it is requested that a copy of the record as above designated be prepared and transmitted to the United States Circuit Court of Appeals for the Ninth Circuit in accordance with the rules of said Court.

(Sgd) SAMUEL O. CLARK, Jr.

Assistant Attorney General

(Signed) J. P. WENCHEL

RLW

Chief Counsel,

Bureau of Internal Revenue.

Service of a copy of the within designation of contents of record on review is hereby admitted and the contents so designated agreed to this 21 day of December, 1939.

(Sgd) JOHN B. MILLIKEN

C A L

Attorney for Respondent on Review.

[Endorsed]: U.S.B.T.A. Filed Dec. 21, 1939.

[298]

[Title of Board and Cause.]

CERTIFICATE

I, B. D. Gamble, clerk of the U. S. Board of Tax Appeals, do hereby certify that the foregoing pages, 1 to 298, inclusive, contain and are a true copy of the transcript of record, papers, and proceedings on file and of record in my office as called for by the Praeceptum in the appeal (or appeals) as above numbered and entitled.

In testimony whereof, I hereunto set my hand and affix the seal of the United States Board of Tax Appeals, at Washington, in the District of Columbia, this 27th day of December, 1939.

[Seal]

B. D. GAMBLE

Clerk.

United States Board of Tax Appeals.

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[Endorsed]: No. 9413. United States Circuit Court of Appeals for the Ninth Circuit. Commissioner of Internal Revenue, Petitioner, vs. Charles Laughton, Respondent. Transcript of the Record. Upon Petition to Review a Decision of the United States Board of Tax Appeals.

Filed January 4, 1940.

PAUL P. O'BRIEN,

Clerk of the United States Circuit Court of Appeals  
for the Ninth Circuit.

In the United States Circuit Court of Appeals  
for the Ninth Circuit

U.S.C.C.A. No. 9413

B.T.A. Docket 88104

GUY T. HELVERING, Commissioner of Internal  
Revenue,

Petitioner on Review.

vs.

CHARLES LAUGHTON,

Respondent on Review.

DESIGNATION OF PORTIONS OF THE  
RECORD TO BE PRINTED.

Comes Now the petitioner above-named by Samuel O. Clark, Jr., Assistant Attorney General of the United States, his attorney, and complying with the rules of this Court, pertaining to the designation of the portion of the record to be printed, states that he relies upon the entire record certified by the Clerk of the Board of Tax Appeals to this Court, and directs that said record so certified be printed as the record on appeal, except, however, Exhibits B and C attached to the Stipulation of Facts are to be transmitted physically to this Court and are not to be printed in accordance with the order of this Court; and with respect to respondent's Exhibits D, E, I, J, K, N and Q, being cablegrams on Postal Telegraph or Western Union forms, it is



directed that only the typewriting on those forms, that is, the cablegrams themselves, excluding any part of the form or printed instructions on the back of the form, be printed.

Respectfully submitted,

SAMUEL O. CLARK, Jr.,

Assistant Attorney General,  
Attorney for Petitioner.

Consented to:

JOHN B. MILLIKEN,

Attorney for Respondent.

[Endorsed]: Filed Jan. 4, 1940. Paul P. O'Brien,  
Clerk.